

# CARD Pioneer Microinsurance Inc.

Financial Statements  
December 31, 2025 and 2024

and

Independent Auditor's Report



## **INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors  
CARD Pioneer Microinsurance Inc.

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of CARD Pioneer Microinsurance 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### **Basis for Opinion**

We conducted our audits 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 (the Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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



## **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.



### **Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD Pioneer Microinsurance Inc. The information 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.

SYCIP GORRES VELAYO & CO.



Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

Tax Identification No. 178-486-666

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 91096-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-081-2024, January 26, 2024, valid until January 25, 2027

PTR No. 10765113, January 2, 2026, Makati City

April 14, 2026



**CARD PIONEER MICROINSURANCE INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 4 and 26)	<b>₱671,329,255</b>	₱333,881,060
Short-term investments (Note 4 and 26)	–	166,587,966
Insurance receivables - net (Notes 5 and 26)	<b>83,880,170</b>	66,281,411
Financial assets (Notes 6 and 26)		
Financial assets at fair value through profit or loss (FVTPL)	<b>208,227,696</b>	128,638,950
Investment securities at amortized cost	<b>3,379,156,912</b>	3,295,108,889
Interest receivable (Notes 7 and 26)	<b>43,130,495</b>	40,006,457
Deferred acquisition costs (Note 8)	<b>54,338,722</b>	49,740,382
Reinsurance assets (Notes 9, 13 and 26)	<b>255,920,563</b>	252,589,319
Investment property - net (Note 10)	<b>10</b>	10
Property and equipment - net (Note 11)	<b>3,964,396</b>	5,813,647
Right-of-use assets (Note 24)	<b>5,703,168</b>	6,697,700
Net pension asset (Note 14)	<b>10,820,156</b>	–
Deferred tax assets - net (Note 22)	<b>25,660,645</b>	20,646,157
Other assets (Note 12)	<b>24,489,592</b>	23,438,144
<b>TOTAL ASSETS</b>	<b>₱4,766,621,780</b>	₱4,389,430,092
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 13 and 26)	<b>₱1,278,641,304</b>	₱1,165,909,106
Insurance payables (Notes 15 and 26)	<b>227,297,966</b>	264,895,779
Accounts payable and accrued expenses (Notes 16 and 26)	<b>209,625,286</b>	202,903,785
Deferred reinsurance commissions (Note 8)	<b>11,376,615</b>	10,771,047
Net pension liability (Note 14)	–	1,122,101
Income tax payable	<b>67,259,779</b>	35,302,639
Lease liabilities (Note 24)	<b>6,035,369</b>	6,974,766
<b>Total Liabilities</b>	<b>1,800,236,319</b>	1,687,879,223
<b>Equity</b>		
Capital stock (Notes 17 and 25)	<b>625,000,000</b>	625,000,000
Contributed surplus	–	89,019,631
Retained earnings	<b>2,337,585,368</b>	1,990,507,153
Net remeasurement gain (loss) on defined benefit obligation (Note 14)	<b>3,800,093</b>	(2,975,915)
<b>Total Equity</b>	<b>2,966,385,461</b>	2,701,550,869
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱4,766,621,780</b>	₱4,389,430,092

*See accompanying Notes to Financial Statements.*



**CARD PIONEER MICROINSURANCE INC.**  
**STATEMENTS OF INCOME**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Gross earned premiums on insurance contracts (Note 18)	<b>₱2,223,909,267</b>	₱1,825,809,292
Reinsurers' share of gross earned premiums on insurance contracts (Note 18)	<b>(519,015,190)</b>	(404,676,655)
Net earned premiums	<b>1,704,894,077</b>	1,421,132,637
Investment income - net (Note 19)	<b>229,218,962</b>	194,612,798
Commission income (Note 8)	<b>42,453,030</b>	31,814,084
Foreign currency exchange gains - net	<b>1,893,182</b>	9,927,198
<b>Total Revenues</b>	<b>1,978,459,251</b>	1,657,486,717
<b>BENEFITS, CLAIMS AND EXPENSES</b>		
Gross insurance contract benefits and claims paid (Notes 13 and 20)	<b>827,777,045</b>	663,825,324
Reinsurers' share of gross insurance contract benefits and claims paid (Notes 13 and 20)	<b>(183,555,584)</b>	(66,117,650)
Gross change in insurance contract liabilities (Notes 13 and 20)	<b>52,136,776</b>	76,150,396
Reinsurers' share of gross change in insurance contract liabilities (Notes 13 and 20)	<b>13,436,836</b>	(28,502,051)
Net insurance benefits and claims (Notes 13 and 20)	<b>709,795,073</b>	645,356,019
General expenses (Note 21)	<b>585,060,620</b>	506,898,136
Commission expense (Note 8)	<b>129,831,210</b>	101,664,266
<b>Total Benefits Claims and Expenses</b>	<b>1,424,686,903</b>	1,253,918,421
<b>INCOME BEFORE INCOME TAX</b>	<b>553,772,348</b>	403,568,296
<b>PROVISION FOR INCOME TAX</b> (Note 22)	<b>128,569,133</b>	90,285,535
<b>NET INCOME</b>	<b>₱425,203,215</b>	₱313,282,761

*See accompanying Notes to Financial Statements.*



**CARD PIONEER MICROINSURANCE INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**

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	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>NET INCOME</b>	<b>₱425,203,215</b>	<b>₱313,282,761</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items that will not be recycled to profit or loss</i>		
Remeasurement gain (loss) on defined benefit obligation (Note 14)	<b>9,034,682</b>	<b>(1,822,789)</b>
Income tax effect (Note 22)	<b>(2,258,674)</b>	<b>455,697</b>
	<b>6,776,008</b>	<b>(1,367,092)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱431,979,223</b>	<b>₱311,915,669</b>

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*See accompanying Notes to Financial Statements.*



**CARD PIONEER MICROINSURANCE INC.**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	Capital Stock (Notes 17 and 25)	Contributed Surplus (Note 17)	Net Remeasurement Gain (Loss) on Defined Benefit Obligation (Note 14)	Retained Earnings	Total
<b>As at January 1, 2025</b>	<b>₱625,000,000</b>	<b>₱89,019,631</b>	<b>(₱2,975,915)</b>	<b>₱1,990,507,153</b>	<b>₱2,701,550,869</b>
Net income	–	–	–	425,203,215	425,203,215
Other comprehensive income	–	–	6,776,008	–	6,776,008
Cash dividends	–	–	–	(78,125,000)	(78,125,000)
Withdrawal	–	(89,019,631)	–	–	(89,019,631)
Total comprehensive income	–	(89,019,631)	6,776,008	347,078,215	264,834,592
<b>As at December 31, 2025</b>	<b>₱625,000,000</b>	<b>₱–</b>	<b>₱3,800,093</b>	<b>₱2,337,585,368</b>	<b>₱2,966,385,461</b>
<b>As at January 1, 2024</b>	<b>₱625,000,000</b>	<b>₱89,019,631</b>	<b>(₱1,608,823)</b>	<b>₱1,766,124,392</b>	<b>₱2,478,535,200</b>
Net income	–	–	–	313,282,761	313,282,761
Other comprehensive loss	–	–	(1,367,092)	–	(1,367,092)
Cash dividends	–	–	–	(88,900,000)	(88,900,000)
Total comprehensive income	–	–	(1,367,092)	224,382,761	223,015,669
<b>As at December 31, 2024</b>	<b>₱625,000,000</b>	<b>₱89,019,631</b>	<b>(₱2,975,915)</b>	<b>₱1,990,507,153</b>	<b>₱2,701,550,869</b>

*See accompanying Notes to Financial Statements.*



**CARD PIONEER MICROINSURANCE INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱553,772,348</b>	₱403,568,296
Adjustments for:		
Interest income (Note 19)	<b>(229,630,216)</b>	(194,560,018)
Dividend income (Note 19)	–	(32,000)
Fair value loss (gain) on financial assets through FVTPL (Note 19)	<b>411,254</b>	(20,780)
Contributions to the pension fund (Note 14)	<b>(6,506,604)</b>	–
Depreciation and amortization (Notes 11, 21 and 24)	<b>8,716,510</b>	7,145,426
Unrealized foreign exchange gain	<b>(1,893,182)</b>	(9,927,198)
Retirement benefit expense (Note 14)	<b>3,599,029</b>	2,146,813
Interest expense on lease liability (Note 24)	<b>424,676</b>	425,700
Actuarial loss (gain) on service award liability	<b>(71,257)</b>	93,314
Operating income before changes in working capital	<b>328,822,558</b>	208,839,553
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	<b>(17,598,759)</b>	9,834,341
Deferred acquisition costs	<b>(4,598,340)</b>	(17,929,541)
Reinsurance assets	<b>(3,331,244)</b>	(69,232,716)
Other assets	<b>(1,051,448)</b>	(6,334,345)
Increase (decrease) in:		
Insurance contract liabilities	<b>112,732,197</b>	359,123,145
Insurance payables	<b>(37,597,813)</b>	110,096,335
Accounts payable and accrued expenses	<b>6,792,759</b>	4,442,846
Deferred reinsurance commissions	<b>605,568</b>	3,152,384
Net cash generated from operations	<b>384,775,478</b>	601,992,002
Income tax paid	<b>(103,885,155)</b>	(110,895,001)
Net cash provided by operating activities	<b>280,890,323</b>	491,097,001
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>235,502,903</b>	185,426,649
Dividends received	–	32,000
Acquisitions of:		
Short-term investments (Note 4)	–	(166,587,966)
Investment securities at amortized cost (Note 6)	<b>(698,044,748)</b>	(996,217,197)
Financial assets through FVTPL (Note 6)	<b>(100,000,000)</b>	–
Property and equipment (Note 11)	<b>(334,052)</b>	(379,579)
Proceeds from maturities of investment securities at amortized cost (Note 6)		
Short-term investments (Note 4)	<b>166,587,966</b>	–
Investment securities at amortized cost (Note 6)	<b>605,000,000</b>	195,000,000
Financial assets through FVTPL (Note 6)	<b>20,000,000</b>	–
Net cash used in investing activities	<b>228,712,069</b>	(782,726,093)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends	<b>(78,125,000)</b>	(88,900,000)
Contributed surplus (Note 17)	<b>(89,019,631)</b>	–
Principal and interest on lease liabilities (Note 24)	<b>(6,902,748)</b>	(5,233,728)
Cash used in financing activities	<b>(174,047,379)</b>	(94,133,728)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>1,893,182</b>	9,927,198
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>337,448,195</b>	(375,835,622)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>333,881,060</b>	709,716,682
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱671,329,255</b>	₱333,881,060

*See accompanying Notes to Financial Statements.*



# **CARD PIONEER MICROINSURANCE INC.**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

CARD Pioneer Microinsurance Inc. (the “Company”), was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 16, 1963. On June 26, 2012, the Company renewed its registration with SEC to extend its corporate life for another 50 years. Republic Act No. 11232, otherwise known as "An Act Providing for the Revised Corporation Code of the Philippines" (RCC) was signed into law on February 20, 2020 and took effect on February 23, 2020. Under paragraph 2 of Section 11 of the RCC, a corporation with certificate of incorporation issued prior to the effectivity of the RCC, and which continue to exist shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation, without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC. Accordingly, the corporate term of the Company became perpetual.

The Company is engaged in the business of nonlife insurance, indemnifying others against loss, damage or liability arising from unknown or contingent events and to guarantee liabilities and obligations of any person, firm or corporation, and to act as agent of other insurance or surety companies, in any of its branches, including life insurance.

The Company is 47.88% owned by Pioneer Insurance & Surety Corporation (PISC), 46.08% by Center for Agriculture and Rural Development Mutual Benefit Association, Inc. (CARD MBA), 2.92% by Card MRI Insurance Agency Inc. (CaMIA), 1.48% by Pioneer Intercontinental Insurance Corporation (PIIC), 1.42% by Pioneer Life Inc. (PLI) and 0.21% by Pioneer Life Holdings, Inc. (PLHI).

The registered office address of the Company is Pioneer House, 108 Paseo de Roxas, Legaspi Village, Makati City.

The accompanying financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on April 14, 2026.

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### **2. Summary of Material Accounting Policies**

#### Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) that has been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is also the Company’s functional currency. All amounts are rounded off to the nearest peso unit, unless otherwise indicated.



### New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments that became effective in 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these amendments did not have an impact on the financial statements of the Company.

- Amendments to PAS 21, *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.

### Standards issued but not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

#### *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, *Disclosures 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.

- 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.



- 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.

- 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

- 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.

- 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’.



*Effective beginning on or after January 1, 2027*

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, which is based on the following building blocks for each group of insurance contracts: (a) fulfilment cash flows and (b) a contractual service margin or CSM (i.e., unearned profit). This is supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the Financial and Sustainability Reporting Standard Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the IC which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard. This is aligned with Circular Letter No. 2025-04 issued by the IC.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with full retrospective application from the transition date is required. The transition date is the beginning of the annual reporting period immediately preceding the date of initial application. If it is impracticable to apply PFRS 17 retrospectively for a group of insurance contracts, the Company must apply either the modified retrospective approach or the fair value approach. Early application is permitted. Early application is permitted.

The Company does not intend to early adopt PFRS 17. The Company has substantially completed its assessment of the implications of this standard and confirms that it is expected to have a significant impact on the financial statements, given the complexity of the requirements and the need for significant judgments and estimates. To ensure readiness, the Company has invested on financial and actuarial technology platforms that will enhance data capture, improve actuarial models and assumptions, among others and subsequently, produce management information for financial planning and enhance business and strategic analyses.

The Company has established a transition program for PFRS 17 and has dedicated significant resources to execute and oversee the plan to manage operational, regulatory, and business and strategic risks associated with the implementation of this standard.



A reliable estimate of the impact to the Company's financial statements arising from the initial application of PFRS 17 is not yet available as implementation is still in progress which includes enhancements to the Company's actuarial and accounting systems and updating of the accounting manual and operating controls.

The Company is continuing its preparations for the adoption of PFRS 17, *Insurance Contracts*, effective 1 January 2027. As of December 31, 2025, key implementation activities have progressed across accounting policies, systems, data, and governance. Draft accounting policies aligned with PFRS 17 have been developed and validated through system dry runs and are undergoing final refinements and approvals. The PFRS 17 system solution has been selected, installed, configured, and tested, and is operational for calculation and reporting purposes. Data extraction, validation, and transformation activities are ongoing, while contract reviews and preliminary financial impact assessments have been completed using test data. Remaining activities relate primarily to final data validation, financial impact assessment, preparation of the opening balance sheet, and external auditor engagement. Management continues to monitor progress to ensure readiness for adoption within the prescribed timeline.

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

#### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to 2025 on the Company's financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

#### Translation of Foreign Currency-Denominated Transactions

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated using the functional currency rate of exchange ruling at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange differences are taken to the statement of income.

#### Product Classification

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.



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 this period, unless all rights and obligations are extinguished or have expired.

#### Cash, Cash Equivalents and Short-term Investments

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of change in value and are free of any encumbrances. Short-term Investments are placements in time deposits and other money market instruments with original maturities of more than three months but less than one year are classified as short-term investments.

#### Insurance Receivables

Insurance receivables are recognized on policy inception dates and measured on initial recognition at the fair value of the consideration. Subsequent to initial recognition, insurance receivables are measured at amortized cost. The carrying value of insurance receivables is assessed for impairment using the expected credit loss (ECL) model, with any resulting loss recognized in the statement of income. Insurance receivables are derecognized following the derecognition criteria of financial assets.

#### Financial Instruments – Initial Recognition

##### *Date of recognition*

Financial instruments are recognized on the date when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

##### *Initial recognition*

##### Determination of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

##### *Financial assets*

The fair value for financial instruments traded in active markets at the end of the reporting period is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.



*Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable in the market, either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For the years ended December 31, 2025 and 2024, there were no transfers between level 1 and level 2 fair value movements, and no transfers into and out of level 3 fair value measurement.

*Day 1 difference*

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” profit or loss) in the statement of income unless it qualifies for recognition as some other type of asset or liability. In cases where an unobservable data is used, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the Day 1 profit or loss amount.

Financial Instruments – Classification and Subsequent Measurement

The Company classifies its financial assets in the following categories: financial assets at FVTPL, financial assets at FVOCI and financial assets measured at amortized cost, while financial liabilities are classified as financial liabilities at amortized cost.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent to initial recognition, the Company may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed. For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

In order for debt instruments to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.



As of December 31, 2025 and 2024, the Company's financial assets comprise of financial assets at FVTPL and investment securities at amortized cost (see Notes 6 and 26).

As of December 31, 2025 and 2024, the Company's financial liabilities comprise of financial liabilities at amortized cost (see Note 26).

*Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

This category includes listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as 'Dividends' under 'Investment and other income-net' in the statement of income when the right of payment has been established.

*Financial assets at amortized cost (debt instruments)*

The Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include Cash and cash equivalents, Short-term investments, Interest receivable, Insurance receivables, and Investment securities at amortized cost.

Financial Liabilities at Amortized Cost

Issued financial liabilities or their components, which are not designated as financial liabilities at FVTPL, are classified as other financial liabilities. 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.

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



This accounting policy relates to the statement of financial position captions: “Insurance payables” and “Accounts payable and accrued expenses” that meet the above definition (other than liabilities covered by other accounting standards, such as pension liability, lease liabilities and income tax payable).

#### Impairment of Financial Assets

PFRS 9 requires the Company to record ECL for all loans and other debt financial assets not classified as at FVTPL, together with loan commitments and financial guarantee contracts.

#### *Expected credit loss methodology*

ECL represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of the financial asset.

#### *Definition of “default”*

The Company defines a financial instrument as in default in all cases when the counterparty becomes over 90 days past due on its contractual payments. As a part of the qualitative assessment of whether a counterparty is in default, the Company also considers a variety of instances that may indicate objective evidence of impairment, such as significant problems in the operations of the customers and bankruptcy of the counterparties.

#### *Significant increase in credit risk (SICR)*

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company’s aging information, the borrower becomes past due for over 30 days. Further, the Company assumes that the credit risk of a financial asset, particularly on cash and equivalents, short-term investments and investment securities at amortized cost, has not increased significantly since origination if the financial asset is determined to have “low credit risk” as of the reporting date. A financial asset is considered “low credit risk” when it has an external rating equivalent to “investment grade”.

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

#### *Staging assessment*

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 debt financial assets.



For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment.

*ECL parameters and methodologies*

For 'Cash, cash equivalents and short-term investments', 'Interest receivable' and 'Investments at amortized cost', the Company's calculation of ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

For 'Insurance receivables', the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates are based on days past due for groupings of various counterparty segments that have similar loss patterns (e.g. by intermediary, debtor). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

*Forward looking information*

A range of economic overlays are considered and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

*Write-offs*

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to 'Provision for credit losses' under 'General expense' in the statement of income.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt, if it has a contractual obligation to:

- deliver cash or another financial asset to another entity, or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual agreement. Interests, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instrument classified as equity are charged directly to equity net of any related income tax benefits.



Financial assets and financial liabilities are offset and the net amount is 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.

#### Derecognition of Financial Assets and Liabilities

##### *Financial asset*

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

- the right to receive cash flows from the asset 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 under a 'pass-through' arrangement; or
- the Company has transferred its right 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 control of the asset.

When the Company has transferred its right 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 the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

##### *Financial liabilities*

Financial liabilities are derecognized when the obligations under the liabilities has expired or is discharged or cancelled. 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

#### 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. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

#### Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event



has a reliably measurable impact on the amounts that the Company will receive from the reinsurers. The impairment loss is recorded in the statement of income.

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

The Company also assumes reinsurance risk in the normal course of business. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies, which are included under "Insurance payables" in the statement of financial position. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired, or when the contract is transferred to another party.

Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognized based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest method.

Deferred Acquisition Costs (DAC) and Deferred Reinsurance Commissions (DRC)

Costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts are deferred and charged against income using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used. The unamortized acquisition costs are shown in the assets section of the statement of financial position as "Deferred acquisition costs." Reinsurance commissions are deferred and shown in the liabilities section of the statement of financial position as "Deferred reinsurance commissions," subject to the same amortization method as the related acquisition costs.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of the property and equipment comprises its purchase price, non-refundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Years
Computer and electronic equipment	4
Furniture, fixtures, and equipment	5
Transportation Equipment	5

Leasehold improvements are amortized over the term of the lease or estimated useful life of two (2) years, whichever is shorter.

The estimated useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.



An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of income in the year the item is derecognized.

#### Right-of-Use Assets

The Company recognizes right-of-use (ROU) assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term of one (1) to five (5) years.

ROU assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

#### Investment Property

Investment properties are properties that are held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Investment properties are carried at cost less accumulated depreciation and any impairment in value. Depreciation is computed using the straight-line method over the estimated useful life of 10 years. The estimated useful life and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

As of December 31, 2025 and 2024, the Company classified its investment property under Level 3 of fair value hierarchy.

#### Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is



determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss.

For nonfinancial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If such is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Other Assets

Other assets consist of cash advances, claims fund, creditable withholding taxes, security fund, prepayments, input VAT, various deposits and other receivable balances. These are initially recognized at cost and subsequently carried at amounts expected to be realized, net of any allowance for impairment, where applicable.

#### Insurance Contract Liabilities

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

##### *Claims provision*

Outstanding claims are based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, whether reported or not, together with related claims handling costs, reduction for the expected value of salvage and other recoveries and MfAD. Delays can be experienced in the notification and settlement of certain types of claims; therefore, the ultimate cost of which cannot be known with certainty at the reporting date. The liability is not discounted for the time value of money and includes provision for claims reported, IBNR, claims handling expense and MfAD. The provision for claims liability is based on the independent adjusters' report on the individual claims. The IBNR was estimated using Chain Ladder method based on both claims paid and claims incurred, Bornhuetter-Ferguson method based on both claims paid and claims incurred, and Expected Loss Ratio. The claims handling expense are the direct and indirect expenses incurred and paid during the processing and settlement of individual claims. The MfAD was estimated using the Stochastic Chain Ladder method to bring the actuarial estimate of the claims liabilities at 75% percentile level of sufficiency. No provision for equalization or catastrophic reserves is recognized. The liabilities are derecognized when the contract is discharged, cancelled or has expired.

##### *Provision for unearned premiums*

The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. This is accounted for as 'Provision for unearned premiums' as part of 'Insurance contract liabilities' and presented in the liabilities section of the statement of financial position. Premiums from insurance contracts are recognized as revenue over the period of the contracts using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used. The change in



the provision for unearned premiums is taken to the statement of income in the order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

#### *Unexpired risk reserve*

At each reporting date, liability adequacy tests are performed, to ensure the adequacy of insurance contract liabilities, net of related DAC. In performing the test, current best estimates of future cash flows, claims handling and policy administration expenses are used. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision for losses arising from the liability adequacy tests. As of December 31, 2025, the gross and net unearned premiums reserves remain sufficient to cover the estimated unexpired risk reserves at 75% confidence level.

#### Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### *Short-term leases and leases of low-value assets*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. There is a change in contractual term, other than a renewal or extension of the arrangement;
- b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. There is a substantial change to the asset.



Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

#### *Company as a lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of income on a straight-line basis over the lease term. Minimum lease payments are recognized on a straight-line basis while the variable rent is recognized as an expense based on the terms of the lease contract.

#### Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company concluded that it is acting as a principal in all of its revenue arrangements.

#### Revenue outside the scope of PFRS 15

##### *Premiums*

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used. The portion of the premiums written that relate to the unexpired periods of the policies at reporting date are accounted for as “Provision for unearned premiums” and is presented under “Insurance contract liabilities” in the liabilities section of the statement of financial position. The related reinsurance premiums that pertain to the unexpired periods at reporting date are accounted for as “Deferred reinsurance premiums” shown under “Reinsurance assets” in the assets section of the statement of financial position. The net changes in this account between reporting dates is charged against or credited to income for the year.

##### *Commission income*

Commissions earned from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used.

##### *Investment income*

- Interest income is recognized in the statement of income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium using the effective interest rate method.
- Dividend income is recognized when the Company’s right to receive the payment is established.

##### *Other income*

All other income items are recognized in the statement of income when earned.

#### Expenses Recognition

Expenses are decreases in economic benefits during the accounting period 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.



*Benefits and claims*

Gross benefits and claims consist of benefits and claims paid to policyholders and changes in the gross valuation of insurance contract liabilities, except for gross changes in the provision for unearned premiums which are included in net earned premiums. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Insurance claims are recorded on the basis of notifications received.

*Commission expense*

Commissions incurred from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used. The portion of the commissions that relates to the unexpired periods of the policies at reporting date is accounted for as “Deferred Acquisition Costs” and presented in the asset section of the statement of financial position.

*General expenses*

Expenses are recognized in the statement of income in the period these are incurred.

*Interest expense*

Interest expense is recognized in the statement of income as incurred.

Equity

*Capital stock*

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

*Contributed surplus*

Contributed surplus represents contribution of shareholders to the Company in compliance with the requirement of the IC.

*Retained earnings*

Retained earnings represent the cumulative balance of net income or loss of the Company and other restatements, net of any dividend distribution.

Taxes

Income tax for the year consists of current and deferred tax. Income tax is determined in accordance with Philippine tax laws. Income tax is recognized in the statement of income, except to the extent that it relates to items recognized directly in equity or other comprehensive income. Tax on these items is recognized in the statement of comprehensive income.

*Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute this amount are those that have been enacted or substantially enacted as of the reporting date.

*Deferred tax*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient



taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Current tax and deferred tax relating to items recognized directly in the statement of comprehensive income are likewise recognized in the statement of comprehensive income.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted as of end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Movements in the deferred tax assets and liabilities arising from changes in the rates are charged against or credited to operations for the period.

#### *Value-Added Tax (VAT)*

Revenue, expenses and assets are recognized net of the amount of sales tax except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from the tax authority is included as part of other assets in the Company's statement of financial position.

#### Pension Cost

The Company has an unfunded, non-contributory retirement plan, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit actuarial cost method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Retirement cost comprises the following:

- (a) Service cost;
- (b) Net interest on the net defined benefit liability or asset;
- (c) Remeasurements 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 are recognized as expense in profit and loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.



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 government 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 and 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 (OCI) under “Net remeasurement gain or loss on defined benefit obligation” in the period in which they arise. Remeasurements are not recycled to profit and loss in subsequent periods.

#### Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### Contingencies

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

#### Events After the Reporting Period

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

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### **3. Significant Accounting Judgments and Estimates**

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be determinable under the circumstances.

#### Judgments

In the process of applying the Company’s accounting policies, management has made the following judgments, apart from those involving estimates and assumptions, which have the most significant effect on the amounts recognized in the financial statements:

##### *Product classification*

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.



The Company has determined that the insurance policies it issues have significant insurance risks and therefore meet the definition of insurance contracts and should be accounted for as such.

#### *Classification of financial instruments*

The Company classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The Company performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- Risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Company applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

#### Estimates and Assumptions

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

#### *Valuation of insurance contract liabilities*

Estimates have to be made at the reporting date for the expected ultimate cost of both claims reported, claims IBNR, MfAD and URR. It takes a significant period of time before the ultimate claim cost can be established with certainty and for some type of policies, IBNR claims form the majority of the claims provision.

The primary technique adopted by management in estimating the cost of notified and IBNR claims is that of using past claims settlement trends to predict future claims settlement trends. The amount of IBNR claims is calculated using Chain Ladder method based on both claims paid and claims incurred, Bornhuetter-Ferguson method based on both claims paid and claims incurred, and expected loss ratio. At each reporting date, prior year claims estimates are assessed for adequacy and any changes made are charged to provision for claims reported and claims IBNR. MfAD is estimated using the Stochastic Chain Ladder method to bring the actuarial estimate of the claims liabilities at 75% percentile level of sufficiency. Liability adequacy tests are also performed to get the URR wherein current best estimates of future cash flows, claims handling and policy administration expenses are used. Changes in the expected claims that have occurred, but which have not been settled are reflected by adjusting the liability for claims and future benefits and any inadequacy is immediately charged to the statement of income by establishing an unexpired risk provision for losses. Insurance claims liabilities are not discounted for the time value of money.

The carrying value of total claims payable and IBNR included in the insurance contract liabilities amounted to ₱261.69 million and ₱209.55 million as of December 31, 2025 and 2024, respectively (see Note 13).



*Impairment of financial assets*

The Company uses a provision matrix to calculate ECLs for insurance receivables. The provision rates are based on days past due per policy.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the assets' carrying values.

As of December 31, 2025 and 2024, the carrying value of insurance receivables amounted to ₱83.88 million and ₱66.28 million, respectively (see Note 5). The Company's allowance for impairment losses on insurance receivables amounted to ₱0.04 million as of December 31, 2025 and 2024 (see Note 5).

As of December 31, 2025 and 2024, the carrying value of reinsurance assets amounted to ₱255.92 million and ₱252.59 million, respectively (see note 9). The Company's allowance for impairment losses on reinsurance assets amounted to ₱0.01 million as of December 31, 2025 and 2024 (see Note 9).

*Pension and other employee benefits*

The cost of defined benefit plan and the present value of the pension obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligation. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the market yields on Philippine government bonds with terms consistent with the expected term of the defined benefit obligation as of reporting date. The mortality rate is based on publicly available mortality tables in the Philippines. Future salary increases are based on expected future inflation rates.

The net pension asset (liability) amounted to ₱10.82 million and (₱1.12 million) as of December 31, 2025 and 2024, respectively (see Note 14). Retirement benefit expense amounted to ₱3.60 million and ₱2.15 million in 2025 and 2024, respectively (see Note 14).

*Recognition of deferred tax assets*

Deferred tax assets are recognized for all future tax deductibles to the extent that it is probable that the taxable income will be available against which these temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.



The carrying value of recognized deferred tax assets amounted to ₱29.36 million and ₱31.14 million as of December 31, 2025 and 2024, respectively (see Note 22).

*Contingencies*

The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with external and internal legal counsels and based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position as of reporting date.

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**4. Cash and Cash Equivalents and Short-term Investments**

This account consists of:

	<b>2025</b>	2024
Cash on hand	<b>₱1,317,500</b>	₱1,253,500
Cash in banks	<b>44,444,951</b>	58,929,656
Cash equivalents	<b>625,566,804</b>	273,697,904
	<b>₱671,329,255</b>	₱333,881,060

Cash in banks earns interest at the prevailing bank deposit rates. Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earned interest at the short-term deposit rates ranging from 0.25% to 6.25% in 2025, and 0.75% to 6.50% in 2024. Interest income from cash and cash equivalents amounted to ₱24.44 million and ₱30.04 million in 2025 and 2024, respectively (see Note 19).

Short-term investments represent time deposits with maturities of more than three months but not more than one year from dates of placement and earned interest at annual rates ranging from 5.75% to 6.00% in 2024. The carrying amount of short-term investments amounted to ₱166.59 million as of December 31, 2024. Interest income from short-term investments amounted to ₱2.50 million in 2024 (see Note 19).

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**5. Insurance Receivables - net**

This account consists of:

	<b>2025</b>	2024
Due from ceding companies (Note 23)	<b>₱45,054,794</b>	₱36,457,033
Funds held by ceding companies (Note 23)	<b>21,715,768</b>	21,396,343
Reinsurance recoverable on paid losses (Note 23)	<b>11,959,435</b>	252,260
Premiums receivable	<b>5,191,330</b>	8,216,932
	<b>83,921,327</b>	66,322,568
Less allowance for impairment losses	<b>41,157</b>	41,157
	<b>₱83,880,170</b>	₱66,281,411



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

Funds held by ceding companies represent portion of the premiums withheld by ceding companies in accordance with reinsurance contracts. These amounts are generally collected within one year after the reporting date. Interest income from funds held by ceding companies amounted to ₱0.62 million and ₱0.65 million in 2025 and 2024, respectively (see Note 19).

Premiums receivable represents premiums on written policies that are collectible within ninety (90) days.

Reinsurance recoverable on paid losses pertains to the Company's receivables from the reinsurers for their share on the losses paid by the Company. These amounts are due and demandable. There was no additional provision or reversal of provision for impairment losses on reinsurance recoverable on paid losses in 2025 and 2024.

The aging analyses of insurance receivables follow:

	2025					Impaired	Total
	0 to 60 days	61 to 90 days	91 to 120 days	121 to 180 days	More than 180 days		
Due from ceding companies	₱26,471,191	₱343,296	₱-	₱4,067,266	₱14,173,041	₱-	₱45,054,794
Funds held by ceding companies	178,524	-	-	39,383	21,497,861	-	21,715,768
Reinsurance recoverable on paid losses	11,844,701	-	-	-	73,577	41,157	11,959,435
Premium receivable	1,395,687	363,609	589,266	1,094,319	1,748,449	-	5,191,330
	<b>₱39,890,103</b>	<b>₱706,905</b>	<b>₱589,266</b>	<b>₱5,200,968</b>	<b>₱37,492,928</b>	<b>₱41,157</b>	<b>₱83,921,327</b>

  

	2024					Impaired	Total
	0 to 60 days	61 to 90 days	91 to 120 days	121 to 180 days	More than 180 days		
Due from ceding companies	₱25,245,999	₱628,500	₱770,810	₱2,202,453	₱7,609,271	₱-	₱36,457,033
Funds held by ceding companies	713,080	-	-	1,054,184	19,629,079	-	21,396,343
Reinsurance recoverable on paid losses	-	-	-	-	211,103	41,157	252,260
Premiums receivable	1,147,002	124,708	1,410,565	1,320,086	4,214,571	-	8,216,932
	<b>₱27,106,081</b>	<b>₱753,208</b>	<b>₱2,181,375</b>	<b>₱4,576,723</b>	<b>₱31,664,024</b>	<b>₱41,157</b>	<b>₱66,322,568</b>

## 6. Financial Assets

The Company's financial assets are summarized by measurement categories as follows:

	2025	2024
Financial assets at FVTPL	<b>₱208,227,696</b>	₱128,638,950
Investment securities at amortized cost	<b>3,379,156,912</b>	3,295,108,889
	<b>₱3,587,384,608</b>	<b>₱3,423,747,839</b>



The assets included in each of the categories above are detailed below:

*Financial assets at FVTPL*

The Company's financial assets at FVTPL represent corporate debt instruments issued locally. Interest income from financial assets at FVTPL amounted to ₱12.32 million and ₱8.35 million in 2025 and 2024, respectively (see Note 19).

*Investment securities at amortized cost*

This account represents debt instruments issued by the Philippine government amounting to ₱3.38 billion and ₱3.30 billion as of December 31, 2025 and 2024, respectively. The terms of the issues range from 1 to 20 years and earned coupon rates of 2.63% to 9.25% and 2.38% to 9.25% in 2025 and 2024, respectively.

Interest income from investment securities at amortized cost in 2025 and 2024 amounted to ₱192.15 million and ₱152.92 million, respectively (see Note 19).

The carrying values of financial assets have been determined as follows:

	2025		
	Financial assets at FVTPL	Investment securities at amortized cost	Total
At January 1	₱128,638,950	₱3,295,108,889	₱3,423,747,839
Acquisitions	100,000,000	698,044,748	798,044,748
Fair value loss (Note 19)	(411,254)	-	(411,254)
Maturities	(20,000,000)	(605,000,000)	(625,000,000)
Premium amortization	-	(8,996,725)	(8,996,725)
<b>At December 31</b>	<b>₱208,227,696</b>	<b>₱3,379,156,912</b>	<b>₱3,587,384,608</b>

  

	2024		
	Financial assets at FVTPL	Investment securities at amortized cost	Total
At January 1	₱128,618,170	₱2,498,318,037	₱2,626,936,207
Acquisitions	-	996,217,197	996,217,197
Fair value gain (Note 19)	20,780	-	20,780
Maturities	-	(195,000,000)	(195,000,000)
Premium amortization	-	(4,426,345)	(4,426,345)
<b>At December 31</b>	<b>₱128,638,950</b>	<b>₱3,295,108,889</b>	<b>₱3,423,747,839</b>

## 7. Interest Receivable

This account consists of interest receivable on:

	2025	2024
Investment securities at amortized cost	₱40,140,134	₱36,273,616
Cash and cash equivalents	1,860,857	1,079,247
Short-term investments	-	2,126,905
Financial assets at FVTPL	1,129,504	526,689
	<b>₱43,130,495</b>	<b>₱40,006,457</b>



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## 8. Deferred Acquisition Costs and Deferred Reinsurance Commissions

The rollforward analysis of deferred acquisition costs follows:

	2025	2024
At January 1	<b>₱49,740,382</b>	₱31,810,841
Costs deferred during the year	<b>134,429,550</b>	119,593,807
Cost incurred during the year	<b>(129,831,210)</b>	(101,664,266)
At December 31	<b>₱54,338,722</b>	₱49,740,382

Deferred acquisition costs refer to the portion of commission expense that relate to the unexpired periods of the policies as of the reporting date using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used.

The rollforward analysis of deferred reinsurance commissions follows:

	2025	2024
At January 1	<b>₱10,771,047</b>	₱7,618,663
Income deferred during the year	<b>43,058,598</b>	34,966,468
Income earned during the year	<b>(42,453,030)</b>	(31,814,084)
At December 31	<b>₱11,376,615</b>	₱10,771,047

Deferred reinsurance commissions refer to the portion of commission income that relate to the unexpired periods of the policies as of the reporting date using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used.

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## 9. Reinsurance Assets

This account consists of:

	2025	2024
Deferred reinsurance premiums (Note 13)	<b>₱182,812,910</b>	₱166,044,830
Reinsurance recoverable on unpaid losses (Note 13)	<b>73,119,467</b>	86,556,303
	<b>255,932,377</b>	252,601,133
Less allowance for impairment losses	<b>11,814</b>	11,814
	<b>₱255,920,563</b>	₱252,589,319

Deferred reinsurance premiums are portions of the ceded premiums that relate to the unexpired periods of the policies as of the reporting date using the 24th method for policies with a term of exactly one year, otherwise, 365th method is used.

Reinsurance recoverable on unpaid losses is the reinsurer's share on the losses or claims that are yet to be settled by the Company.



## 10. Investment Property

The Company's investment property pertains to a condominium unit located at the 7th floor of A&T Building, Binondo, Manila with an acquisition cost of ₱11,966,201 and a net book value of ₱10.

The appraised value of the investment property as of December 31, 2025 and 2024 amounted to ₱29,285,000 and ₱28,293,000, respectively. The fair value of the property is based on valuations performed by Cuervo Appraisers, Inc. (CAI), an accredited independent valuer. CAI is a specialist in valuing these types of investment properties. There was no change in the valuation technique used.

The following table shows the valuation technique used and key inputs to valuation on the investment property:

Valuation Technique	Significant Unobservable Inputs	Range (Weighted Average)	
		2025	2024
Sales Comparison Approach	Asking price per square meter	<b>₱65,952-₱93,000</b>	₱65,952-₱103,306
	Location	<b>0.00% to -5.00%</b>	0.00% to -5.00%
	Size	<b>-5.00% to -8.00%</b>	-5.00% to -8.00%
	Time Element	<b>0.00% to +3.00%</b>	0.00%

The appraised value of the condominium unit was determined using sales comparison approach. This is a comparative approach that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. The properties used as basis for comparison are situated within the subject building or in other comparable condominium buildings nearby. Comparison would be premised on the factors such as floor level location, interior finishes, parking slot allocation and facilities offered and the time element.

The Company determined that condominium units at the measurement date are valued in terms of its highest and best use which is categorized under Level 3 of the fair value hierarchy. For strategic reasons, the properties are not being used in this manner.

As at December 31, 2025 and 2024, the property has not been pledged as collateral or security for any of the Company's liabilities and the Company has no restrictions on the realizability of its condominium unit and no contractual obligation to purchase, construct or develop such property or for repairs, maintenance and enhancements. The property is fully depreciated and currently not in use.

## 11. Property and Equipment - net

As of December 31, 2025 and 2024, the movements of this account follow:

	2025				Total
	Computer and Electronic Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	
<b>Cost</b>					
Balance at beginning of year	<b>₱13,386,991</b>	<b>₱3,538,720</b>	<b>₱89,270</b>	<b>₱4,036,631</b>	<b>₱21,051,612</b>
Additions	-	-	-	334,052	334,052
Balance at end of year	<b>₱13,386,991</b>	<b>₱3,538,720</b>	<b>₱89,270</b>	<b>₱4,370,683</b>	<b>₱21,385,664</b>

(Forward)



	2025				Total
	Computer and Electronic Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	₱10,449,500	₱1,021,907	₱89,270	₱3,677,288	₱15,237,965
Depreciation and amortization (Note 21)	1,185,960	707,744	–	289,599	2,183,303
Balance at end of year	11,635,460	1,729,651	89,270	3,966,887	17,421,268
<b>Net Book Value</b>	<b>₱1,751,531</b>	<b>₱1,809,069</b>	<b>₱–</b>	<b>₱403,796</b>	<b>₱3,964,396</b>

	2024				Total
	Computer and Electronic Equipment	Transportation Equipment	Furniture, Fixtures and Equipment	Leasehold Improvements	
<b>Cost</b>					
Balance at beginning of year	₱13,386,991	₱3,538,720	₱89,270	₱3,657,052	₱20,672,033
Additions	–	–	–	379,579	379,579
Balance at end of year	₱13,386,991	₱3,538,720	₱89,270	₱4,036,631	₱21,051,612
<b>Accumulated Depreciation and Amortization</b>					
Balance at beginning of year	₱9,169,522	₱314,163	₱85,085	₱3,412,762	₱12,981,532
Depreciation and amortization (Note 21)	1,279,978	707,744	4,185	264,526	2,256,433
Balance at end of year	10,449,500	1,021,907	89,270	3,677,288	15,237,965
<b>Net Book Value</b>	<b>₱2,937,491</b>	<b>₱2,516,813</b>	<b>₱–</b>	<b>₱359,343</b>	<b>₱5,813,647</b>

As of December 31, 2025, and 2024, fully depreciated property and equipment that are still in use by the Company amounted to ₱12,389,473 and ₱12,075,787, respectively.

## 12. Other Assets

This account consists of:

	2025	2024
Accountable cash advances	₱11,280,187	₱7,451,122
Claims fund	7,916,352	7,166,406
Rental deposits	2,813,794	2,159,658
Chattel mortgage loans	1,649,999	1,430,499
Creditable withholding taxes (CWTs)	773,120	222,635
Prepayments	202,481	106,747
Security fund	48,439	48,439
Due from a related party (Note 23)	–	2,861,697
Deferred input VAT	–	2,185,721
	<b>24,684,372</b>	<b>23,632,924</b>
Less allowance for impairment losses	194,780	194,780
	<b>₱24,489,592</b>	<b>₱23,438,144</b>

Accountable cash advances of employees are collected through payroll deduction or expense liquidation.

Claims fund pertains to advances and deposits made for payment of possible future claims.

Rental deposits are refundable security deposits on lease agreements.



Chattel mortgage loans consist mainly of loans extended to employees. These earn interest at 6% per annum with maturity of 7 years. Interest income from chattel mortgage loans amounted to ₱0.10 million in 2025 and in 2024 (see Note 19). These are collected through payroll deduction.

CWTs pertain to withholding taxes from prior years and current year transactions that can be applied against the Company's income tax payable upon availability of the corresponding certificates.

Prepayments pertain to advance payments for real property tax and community tax certificates.

Security fund pertains to contribution to a fund as required by the IC on all insurance companies authorized to do business in the Philippines.

### 13. Insurance Contract Liabilities and Reinsurance Assets

The analysis of insurance contract liabilities, net of reinsurers' share of liabilities follows:

	2025			2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net
Provision for claims reported (Note 23)	<b>₱97,947,293</b>	<b>₱11,814</b>	<b>₱97,935,479</b>	₱34,905,659	₱6,475,792	₱28,429,867
Provision for claims IBNR (including MfAD)	<b>163,738,831</b>	<b>73,107,653</b>	<b>90,631,178</b>	174,643,689	80,080,511	94,563,178
	<b>261,686,124</b>	<b>73,119,467</b>	<b>188,566,657</b>	209,549,348	86,556,303	122,993,045
Provision for unearned premiums	<b>1,016,955,180</b>	<b>182,812,910</b>	<b>834,142,270</b>	956,359,758	166,044,830	790,314,928
	<b>₱1,278,641,304</b>	<b>₱255,932,377</b>	<b>₱1,022,708,927</b>	₱1,165,909,106	₱252,601,133	₱913,307,973

The analysis of total provision for claims reported follows:

	2025			2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities (Note 9)	Net
At January 1	<b>₱209,549,348</b>	<b>₱86,556,303</b>	<b>₱122,993,045</b>	₱133,398,952	₱58,054,252	₱75,344,700
Claims incurred during the year	<b>890,818,679</b>	<b>177,091,606</b>	<b>713,727,073</b>	671,252,494	66,117,650	605,134,844
Claims paid during the year (Note 20)	<b>(827,777,045)</b>	<b>(183,555,584)</b>	<b>(644,221,461)</b>	(663,825,324)	(66,117,650)	(597,707,674)
Increase in claims IBNR (Note 20)	<b>(10,904,858)</b>	<b>(6,972,858)</b>	<b>(3,932,000)</b>	68,723,226	28,502,051	40,221,175
At December 31	<b>₱261,686,124</b>	<b>₱73,119,467</b>	<b>₱188,566,657</b>	₱209,549,348	₱86,556,303	₱122,993,045

The provision for unearned premiums may be analyzed as follows:

	2025			2024		
	Provision for Unearned Premiums	Reinsurers' Share of Liabilities (Note 9)	Net	Provision for Unearned Premiums	Reinsurers' Share of Liabilities (Note 9)	Net
At January 1	<b>₱956,359,758</b>	<b>₱166,044,830</b>	<b>₱790,314,928</b>	₱673,387,009	₱125,314,165	₱548,072,844
New policies written during the year (Note 18)	<b>2,284,504,689</b>	<b>535,783,270</b>	<b>1,748,721,419</b>	2,108,782,041	445,407,320	1,663,374,721
Premiums earned during the year (Note 18)	<b>(2,223,909,267)</b>	<b>(519,015,190)</b>	<b>(1,704,894,077)</b>	(1,825,809,292)	(404,676,655)	(1,421,132,637)
At December 31	<b>₱1,016,955,180</b>	<b>₱182,812,910</b>	<b>₱834,142,270</b>	₱956,359,758	₱166,044,830	₱790,314,928



#### 14. Net Pension Asset (Liability)

The Company has a non-contributory defined benefit plan covering all regular employees and which requires contributions to be made to a separately administered retirement fund. Benefits are based on the employee's years of service and final plan salary. The Board of Trustees of the plan is responsible for setting investment strategies. The Retirement Plan is considered a "reasonable private benefit plan" within the contemplation of Republic Act No. 4917.

The retirement plan of the Company is being administered by CARD Pioneer Microinsurance Inc. Staff Retirement Benefit Plan which was established on March 9, 2020.

The retirement benefit expense recognized in profit or loss is as follows (see Note 21):

	2025	2024
Current service cost	<b>₱3,705,118</b>	₱2,743,865
Interest cost	<b>(129,364)</b>	(176,981)
Net acquired (transferred) obligation	<b>23,275</b>	(420,071)
	<b>₱3,599,029</b>	₱2,146,813

In 2025, the Company acquired two employees, one each from Pioneer Insurance & Surety Corporation and Pioneer Life Inc. The affiliated companies agreed that there will be no break in service due to the transfer and that the liabilities pertaining to these employees will be acquired with no corresponding transfers. The net acquired obligation is reflected as addition to the retirement expense.

In 2024, the Company transferred two employees to MI Healthcare Inc. The affiliated companies agreed that there will be no break in service due to the transfer and that the liabilities pertaining to these employees will be transferred with no corresponding asset transfers. The net transferred obligation is reflected as reduction from the retirement expense.

The amounts recognized in the statements of financial position are as follows:

	2025	2024
Present value of defined benefit obligation	<b>₱14,150,095</b>	₱18,598,979
Fair value of plan assets	<b>(24,970,251)</b>	(17,476,878)
Net pension liability (asset)	<b>(₱10,820,156)</b>	₱1,122,101

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

	2025	2024
At January 1	<b>₱18,598,979</b>	₱13,585,664
Current service cost	<b>3,705,118</b>	2,743,865
Interest cost	<b>1,128,958</b>	833,446
Actuarial loss (gain)	<b>(9,306,235)</b>	1,856,075
Net acquired (transferred) obligation	<b>23,275</b>	(420,071)
At December 31	<b>₱14,150,095</b>	₱18,598,979



Changes in fair value of the plan assets are as follow:

	2025	2024
At January 1	<b>₱17,476,878</b>	₱16,433,165
Contributions	<b>6,506,604</b>	-
Interest income	<b>1,258,322</b>	1,010,427
Gain (loss) on return on plan assets	<b>(271,553)</b>	33,286
At December 31	<b>₱24,970,251</b>	₱17,476,878

The movements in the net pension asset recognized in the statements of financial position are as follows:

	2025	2024
At January 1	<b>₱1,122,101</b>	(₱2,847,501)
Pension expense	<b>3,599,029</b>	2,146,813
Contributions	<b>(6,506,604)</b>	-
Remeasurement loss (gain) to be recognized in OCI	<b>(9,034,682)</b>	1,822,789
At December 31	<b>(₱10,820,156)</b>	₱1,122,101

The remeasurements recognized in other comprehensive income are as follows:

	2025	2024
Actuarial loss due to:		
Change in financial assumptions	<b>₱15,460,187</b>	(₱388,404)
Experience adjustments	<b>(6,153,952)</b>	(1,467,671)
Gain (loss) on return on plan assets	<b>(271,553)</b>	33,286
	<b>₱9,034,682</b>	(₱1,822,789)

The rollforward analysis of other comprehensive income follows:

	2025	2024
At January 1, net of tax effect	<b>(₱2,975,915)</b>	(₱1,608,823)
Experience adjustments	<b>(6,153,952)</b>	(1,467,671)
Change in financial assumptions	<b>15,460,187</b>	(388,404)
Gain (loss) on return on plan assets	<b>(271,553)</b>	33,286
At December 31, gross of consequential income tax impact	<b>6,058,767</b>	(3,431,612)
Income tax effect	<b>(2,258,674)</b>	455,697
Balance at the end of year	<b>(₱3,800,093)</b>	(₱2,975,915)

Plan assets consist of:

	2025	2024
Cash and cash equivalents	<b>₱24,911,727</b>	₱17,449,796
Accrued interest receivable	<b>103,800</b>	85,294
Accounts payable	<b>(45,276)</b>	(58,212)
Total plan assets	<b>₱24,970,251</b>	₱17,476,878



The principal assumptions used in determining pensions for the Company's plan as of January 1 are shown below:

	<b>2025</b>	2024
Discount rate	<b>6.55%</b>	6.07%
Expected return on plan assets	<b>4.25%</b>	5.57%
Rate of salary increase	<b>4.00%</b>	7.50%
Average future working lives (in years)	<b>11</b>	11
Mortality rate	<b>2017 Philippine Intercompany Mortality Table</b>	2017 Philippine Intercompany Mortality Table
Disability rate	<b>1952 Disability Study, Period 2, Benefit 5</b>	1952 Disability Study, Period 2, Benefit 5

The discount rates as of December 31, 2025 and 2024 are 6.55% and 6.07%, respectively. The latest actuarial valuation report of the Company is as of December 31, 2025.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2025 and 2024, assuming all other assumptions were held constant. The impacts on present value of defined benefit obligation follow:

	Rate	Increase (decrease)	
		<b>2025</b>	2024
Discount rates	+1%	<b>(P2,182,826)</b>	(P3,342,344)
	-1%	<b>2,688,159</b>	4,223,816
Future salary increases	+1%	<b>2,815,630</b>	4,226,113
	-1%	<b>(2,309,434)</b>	(3,403,488)

The maturity analysis of the undiscounted benefit payments follows:

	<b>2025</b>	2024
Less than 1 year	<b>P344,305</b>	P258,949
1 year to less than 5 years	<b>1,372,019</b>	1,128,337
5 years to less than 10 years	<b>3,665,661</b>	3,118,474
10 years to less than 15 years	<b>6,906,886</b>	5,844,065
15 years to less than 20 years	<b>33,829,548</b>	34,518,255
More than 20 years	<b>178,918,823</b>	374,309,191

## 15. Insurance Payables

This account consists of:

	<b>2025</b>	2024
Due to reinsurers (Note 23)	<b>P54,194,319</b>	P38,628,834
Funds held for reinsurers (Note 23)	<b>173,103,647</b>	226,266,945
	<b>P227,297,966</b>	P264,895,779



The rollforward analysis of insurance payables follows:

	Due to Reinsurers	Funds Held for Reinsurers	Total
At January 1, 2024	₱29,335,276	₱125,464,168	₱154,799,444
Arising during the year	306,996,230	138,411,090	445,407,320
Paid during the year	(297,702,672)	(37,608,313)	(335,310,985)
At December 31, 2024	<b>38,628,834</b>	<b>226,266,945</b>	<b>264,895,779</b>
Arising during the year	<b>470,904,998</b>	<b>64,878,272</b>	<b>535,783,270</b>
Paid during the year	<b>(455,339,513)</b>	<b>(118,041,570)</b>	<b>(573,381,083)</b>
At December 31, 2025	<b>₱54,194,319</b>	<b>₱173,103,647</b>	<b>₱227,297,966</b>

Due to reinsurers represents premiums payable on treaty and facultative reinsurance contracts. These are non-interest-bearing and are generally settled within one year.

Funds held for reinsurers pertain to the retention of a certain percentage of the reinsurer's share of premium. This is to protect the Company from risks associated with collections of reinsurance recoverable on paid losses.

## 16. Accounts Payable and Accrued Expenses

This account consists of:

	2025	2024
Accounts payable	<b>₱110,945,051</b>	₱114,690,244
Due to related parties (Note 23)	<b>44,412,089</b>	36,444,152
Taxes payable	<b>26,733,823</b>	27,879,099
Accrued expenses	<b>19,732,392</b>	16,786,797
Commissions payable	<b>7,406,296</b>	6,879,415
Others	<b>395,635</b>	224,078
	<b>₱209,625,286</b>	₱202,903,785

Accounts payable represent bank credits.

Accrued expenses include professional fees of auditors and productivity incentives granted to the Company's employees except those under contractual employment, and other expenses accrued as of reporting date. Productivity incentives are due on the 15th of May every year.

Commissions payable represent unpaid commissions to agents arising from policy issuances. These are non-interest bearing and are generally payable within thirty (30) days. Commission rates vary depending on the product line and coverage of the policy.

Taxes payable consist of business tax, fire service tax, VAT and withholding taxes. These are subsequently remitted within one month after the reporting date.

Other payables pertain to amounts due to government agencies for loans availed by employees.



## 17. Equity

### *Capital Stock*

As of December 31, 2025 and 2024, this account consists of:

	Shares	Amount
Common shares - ₱100 par value Authorized, issued and outstanding	6,250,000	₱625,000,000

On April 2, 2024, the BOD approved the declaration of cash dividends amounting to ₱88,900,000 or ₱14.224 per share out of the unappropriated retained earnings of the Company in favor of stockholders of record as of December 31, 2023. The Company fully paid the said dividends on April 30, 2024.

On January 6, 2025, the BOD approved the withdrawal and distribution to shareholders of record as of November 30, 2024 of the contributed surplus amounting to ₱89,019,631. The approval of withdrawal by the Insurance Commission (IC) was received on March 19, 2025. The Company fully distributed the contributed surplus on March 29, 2025.

On April 2, 2025, the BOD approved the declaration of cash dividends amounting to ₱78,125,000 or ₱12.50 per share out of the unappropriated retained earnings of the Company in favor of stockholders of record as of December 31, 2024. The Company fully paid the said dividends on April 30, 2025.

## 18. Net Earned Premiums

Net earned premiums on insurance contracts are as follows:

	2025	2024
Gross premiums written:		
Direct	<b>₱2,105,467,414</b>	₱1,953,890,344
Assumed	<b>179,037,275</b>	154,891,697
Total gross premiums written (Note 13)	<b>2,284,504,689</b>	2,108,782,041
Gross change in provision for unearned premiums (Note 13)	<b>(60,595,422)</b>	(282,972,749)
<b>Total gross earned premiums</b>	<b>2,223,909,267</b>	1,825,809,292
Reinsurers' share of gross premiums on direct insurance (Note 13)	<b>535,783,270</b>	445,407,320
Reinsurers' share of change in provision for unearned premiums (Note 13)	<b>(16,768,080)</b>	(40,730,665)
<b>Total reinsurers' share of gross earned premiums</b>	<b>519,015,190</b>	404,676,655
	<b>₱1,704,894,077</b>	₱1,421,132,637



## 19. Investment Income - net

This account consists of:

	2025	2024
Interest income on:		
Cash and cash equivalents (Note 4)	<b>P24,440,013</b>	P30,038,999
Short-term investments (Note 4)	–	2,502,242
Investment securities at amortized cost (Note 6)	<b>192,148,406</b>	152,919,195
Financial assets at FVTPL (Note 6)	<b>12,318,929</b>	8,348,910
Chattel mortgage loans (Note 12)	<b>104,658</b>	99,451
Funds held by ceding companies (Note 5)	<b>618,210</b>	651,221
Dividend income	–	32,000
Fair value gain (loss) on financial assets at FVTPL (Note 6)	<b>(411,254)</b>	20,780
	<b>P229,218,962</b>	P194,612,798

## 20. Net Insurance Benefits and Claims

Gross insurance contract benefits and claims paid follow:

	2025	2024
Direct	<b>P685,610,516</b>	P575,292,318
Assumed	<b>142,166,529</b>	88,533,006
	<b>P827,777,045</b>	P663,825,324

Reinsurers' share of insurance contract benefits and claims paid consist of the following:

	2025	2024
Reinsurers' share of insurance contract benefits and claims paid (Note 13):		
Direct	<b>P183,555,584</b>	P66,117,650

Gross change in insurance contract benefits and claims liabilities follow:

	2025	2024
Change in provision for claims reported and loss adjustment expenses (Note 13)		
Direct	<b>P53,191,167</b>	P–
Assumed	<b>9,850,467</b>	P7,427,170
Change in provision for claims IBNR (Note 13)	<b>(10,904,858)</b>	68,723,226
	<b>P52,136,776</b>	P76,150,396



Reinsurers' share of change in insurance contract benefits and claims liabilities follow:

	2025	2024
Reinsurers' share of change in insurance provision for claims reported and loss adjustment expenses (Note 13)	<b>(P6,463,978)</b>	P-
Reinsurer's share of change in provision for claims IBNR (Note 13)	<b>(6,972,858)</b>	28,502,051
	<b>(P13,436,836)</b>	P28,502,051

## 21. General Expenses

This account consists of:

	2025	2024
Business development	<b>P169,536,270</b>	P162,039,780
Salaries, allowances and benefits	<b>156,469,158</b>	124,719,597
Underwriting and service fees	<b>69,205,924</b>	59,435,110
Transportation and travel	<b>43,465,833</b>	41,275,902
Advertising and promotions	<b>31,882,965</b>	26,598,064
Input VAT expense	<b>20,517,434</b>	18,263,350
Marketing and other fees	<b>14,646,315</b>	17,032,361
Other support fees	<b>13,183,393</b>	12,306,028
Repairs and maintenance	<b>9,800,781</b>	7,897,123
Depreciation and amortization (Notes 11 and 24)	<b>8,716,510</b>	7,145,426
Communication, light and water	<b>7,033,071</b>	5,724,752
Rent expense (Note 24)	<b>7,019,389</b>	6,561,903
Office supplies, printing and stationery	<b>4,846,105</b>	6,163,969
Retirement benefit expense (Note 14)	<b>3,599,029</b>	2,146,813
Professional and director's fees	<b>2,829,797</b>	2,300,728
Taxes and licenses	<b>1,579,239</b>	1,416,726
Association dues	<b>1,093,058</b>	950,479
Donation and charitable contribution	<b>800,000</b>	-
Representation and entertainment	<b>550,622</b>	970,202
Interest expense on lease liabilities (Note 24)	<b>424,676</b>	425,700
Training	<b>33,455</b>	356,642
Miscellaneous expenses	<b>17,827,596</b>	3,167,481
	<b>P585,060,620</b>	P506,898,136

Service awards expense included under "Salaries, allowances and benefits" amounting to P0.44 million and P0.34 million were recognized in 2025 and 2024, respectively. Actuarial gain (loss) on service award benefit of employees amounted to P0.07 million and (P0.09) million in 2025 and 2024, respectively.

The Company reclassified specific expenses within 'General and Administrative expenses'. These reclassifications were made solely for consistency and comparative purposes and do not have any impact to the financial statements.

Miscellaneous expenses include payments related to tax assessment amounting to P15.00 million, including interest.



## 22. Income Tax

### Current tax

The provision for income tax consists of:

	2025	2024
RCIT	P91,512,821	P61,026,882
Final	44,329,474	35,948,295
Deferred	(7,273,162)	(6,689,642)
	<b>P128,569,133</b>	<b>P90,285,535</b>

### Deferred tax

The components of recognized deferred tax assets and deferred tax liabilities follow:

	2025	2024
<b>Deferred tax assets:</b>		
<i>Affecting profit and loss:</i>		
Provision for IBNR	P22,657,794	P23,640,794
Accrued and other expenses	4,298,326	3,877,387
Lease liabilities	1,508,842	1,743,692
Unamortized past service cost	723,490	989,153
Unrealized foreign currency exchange loss	8,861	370,224
Unrealized fair value loss	102,813	-
Allowance for impairment loss	61,938	61,938
<i>Affecting other comprehensive income:</i>		
Remeasurement loss on defined benefit obligation	-	455,697
	<b>P29,362,064</b>	<b>P31,138,885</b>
<b>Deferred tax liabilities:</b>		
<i>Affecting profit and loss:</i>		
Unrealized foreign currency exchange gain	P-	P8,643,130
Right-of-use assets	1,425,792	1,674,425
Net pension liability	16,953	175,173
<i>Affecting other comprehensive income:</i>		
Remeasurement gain on defined benefit obligation	2,258,674	-
	<b>3,701,419</b>	<b>10,492,728</b>
	<b>P25,660,645</b>	<b>P20,646,157</b>

The Company has no unrecognized deferred tax assets as of December 31, 2025 and 2024.

The reconciliation of provision for income tax computed at statutory income tax rate to the provision for income tax reported in the statements of income follows:

	2025	2024
Statutory income tax	P138,443,087	P100,892,074
Add (deduct) the tax effects of:		
Interest income subject to final tax	(13,051,916)	(12,666,846)
Non-deductible expenses	3,177,962	2,060,307
Provision for income tax	<b>P128,569,133</b>	<b>P90,285,535</b>



## 23. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Transactions with related parties are made at normal market prices. Outstanding balances as of year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the years ended December 31, 2025 and 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Significant related party transactions are summarized below:

Category	Note	Volume	2025		
			Outstanding balance	Terms	Conditions
<i>PISC - Parent Company</i>					
Due from ceding company (Note 5)	(a)	149,405,788	35,817,470	Non-interest-bearing, due and demandable	Unsecured, not impaired
Funds held by ceding company (Note 5)	(a)	4,693,955	4,594,749	Non-interest-bearing, due and demandable	Unsecured, not impaired
Reinsurance recoverable on paid losses (Note 5)	(a)	149,575,600	73,577	Non-interest-bearing, due and demandable	Unsecured, not impaired
Due to reinsurer (Note 15)	(a)	416,056,934	16,921,752	Non-interest-bearing, due and demandable	Unsecured
Funds held for reinsurer (Note 15)	(a)	37,018,545	109,715,464	Non-interest-bearing, due and demandable	Unsecured
Claims payable (Note 13)	(a)	131,026,398	19,675,320	Non-interest-bearing, due and demandable	Unsecured
Rent expense (Note 24)	(b)	1,270,181	–		
Entities under common control					
<i>PLI</i>					
Due to related party (Note 16)	(c)	969,034,319	42,900,808	Non-interest-bearing, due and demandable	Unsecured
<i>PIIC</i>					
Due from ceding company (Note 5)	(a)	16,453,490	129,346	Non-interest-bearing, due and demandable	Unsecured, not impaired
Funds held by ceding company (Note 5)	(a)	15,817,837	8,897,270	Non-interest-bearing, due and demandable	Unsecured, not impaired
Claims payable (Note 13)	(a)	3,837,532	16,218,035	Non-interest-bearing, due and demandable	Unsecured
<i>CAMIA</i>					
Commission payable (Note 16)	(d)	94,369,998	7,276,848	Non-interest-bearing, due and demandable	Unsecured
<i>MPII</i>					
Due from ceding company (Note 5)	(a)	835,764	1,633,344	Non-interest-bearing, due and demandable	Unsecured, not impaired
Claims payable (Note 13)	(a)	441,724	2,386,980	Non-interest-bearing, due and demandable	Unsecured
<i>BotiCARD Inc.</i>					
Due to related party (Note 16)	(e)	11,917,282	752,000	Non-interest-bearing, due and demandable	Unsecured
<i>MI Healthcare Inc.</i>					
Due to related party (Note 12)	(f)	759,281	759,281	Non-interest-bearing, due and demandable	Unsecured



2024					
Category	Note	Volume	Outstanding balance	Terms	Conditions
<i>PISC - Parent Company</i>					
Due from ceding company (Note 5)	(a)	₱85,507,570	₱30,411,066	Non-interest-bearing, due and demandable	Unsecured, not impaired
Funds held by ceding company (Note 5)	(a)	9,415,484	5,707,556	Non-interest-bearing, due and demandable	Unsecured, not impaired
Reinsurance recoverable on paid losses (Note 5)	(a)	39,555	211,105	Non-interest-bearing, due and demandable	Unsecured, not impaired
Due to reinsurer (Note 15)	(a)	225,233,922	174,480	Non-interest-bearing, due and demandable	Unsecured
Funds held for reinsurer (Note 15)	(a)	111,220,137	181,312,537	Non-interest-bearing, due and demandable	Unsecured
Claims payable (Note 13)	(a)	83,514,887	14,104,109	Non-interest-bearing, due and demandable	Unsecured
Due to related party (Note 16)	(d)	26,000	26,000	Non-interest-bearing, due and demandable	Unsecured
Rent expense (Note 24)	(b)	1,251,350	–		
Entities under common control					
<i>PLI</i>					
Due to related party (Note 16)	(c)	737,986,156	35,856,152	Non-interest-bearing, due and demandable	Unsecured
<i>PIIC</i>					
Due from ceding company (Note 5)	(a)	7,919,589	1,624,478	Non-interest-bearing, due and demandable	Unsecured, not impaired
Funds held by ceding company (Note 5)	(a)	13,469,900	7,465,038	Non-interest-bearing, due and demandable	Unsecured, not impaired
Claims payable (Note 13)	(a)	6,093,648	12,380,503	Non-interest-bearing, due and demandable	Unsecured
<i>CAMIA</i>					
Commission payable (Note 16)	(d)	84,581,308	6,650,068	Non-interest-bearing, due and demandable	Unsecured
<i>MPII</i>					
Due from ceding company (Note 5)	(a)	743,632	950,087	Non-interest-bearing, due and demandable	Unsecured, not impaired
Claims payable (Note 13)	(a)	1,945,255	1,945,255	Non-interest-bearing, due and demandable	Unsecured
<i>BotiCARD Inc.</i>					
Due to related party (Note 16)	(e)	10,441,732	562,000	Non-interest-bearing, due and demandable	Unsecured
<i>MI Healthcare Inc.</i>					
Due to related party (Note 16)	(f)	2,861,697	2,861,697	Non-interest-bearing, due and demandable	Unsecured

The Company's related party transactions pertain to the following:

- a. In the ordinary course of business, the Company accepts and cedes insurance business under various reinsurance contracts with PISC, PIIC and MPII. Amounts of due to and due from PISC, PIIC and MPII are the outstanding insurance balances related to these acceptances and cessions.
- b. The Company has a lease contract with PISC on the lease of its office space, which is renewable annually (see Note 24).
- c. The Company has net payable to PLI which represents share on the premium payment and accommodations for claim payments.



- d. The Company has commissions payable to CAMIA.
- e. The Company has payable to BotiCARD Inc. which represents share on the premium payment.
- f. The Company has receivables from and MI Healthcare Inc. which represent reimbursement of expenses.
- g. Key management personnel of the Company include all personnel having a position of Assistant Vice President and above. The summary of compensation of key management personnel is shown below:

	2025	2024
Salaries and other short-term employee benefits	<b>₱12,854,696</b>	₱4,406,758
Post-employment and other long-term benefits	<b>302,856</b>	171,351
	<b>₱13,159,577</b>	₱4,578,109

## 24. Lease

### *Company as a lessee*

The Company has lease contracts for various items office spaces used in its operations. Leases of office spaces generally have lease terms between 2 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of office spaces with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

The rollforward analysis of ROU assets as of December 31, 2025 and 2024 follows:

	2025	2024
<b>Cost</b>		
At January 1	<b>₱14,851,511</b>	₱10,541,221
Additions	<b>5,538,675</b>	4,310,290
At December 31	<b>20,390,186</b>	14,851,511
<b>Accumulated Depreciation and Amortization</b>		
At January 1	<b>8,153,811</b>	3,264,818
Depreciation	<b>6,533,207</b>	4,888,993
At December 31	<b>14,687,018</b>	8,153,811
Net Book Value	<b>₱5,703,168</b>	₱6,697,700

The rollforward analysis of lease liabilities as of December 31, 2025 and 2024 follows:

	2025	2024
As at January 1	<b>₱6,974,766</b>	₱7,472,504
Additions	<b>5,538,675</b>	4,310,290
Interest expense	<b>424,676</b>	425,700
Payments	<b>(6,902,748)</b>	(5,233,728)
As at December 31	<b>₱6,035,369</b>	₱6,974,766



The following are the amounts recognized in 2025 and 2024 statements of income:

	2025	2024
Rent expense related to short term leases (Note 23)	<b>₱7,019,389</b>	₱6,561,903
Depreciation expense of right-of-use assets	<b>6,533,207</b>	4,888,993
Interest expense on lease liabilities	<b>424,676</b>	425,700
Total amount recognized in the statements of income (Note 21)	<b>₱13,977,272</b>	₱11,876,596

Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
1 year	<b>₱4,057,856</b>	₱4,609,610
more than 1 year to 2 years	<b>1,953,961</b>	1,889,369
more than 2 years to 3 years	<b>297,881</b>	548,122
more than 3 years to 4 years	-	297,881
	<b>₱6,309,698</b>	₱7,344,982

Future lease payments within one year for short-term leases amounts to ₱6.13 million and ₱3.05 million as of December 31, 2025 and 2024, respectively.

## 25. Capital Management

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

To ensure compliance with these externally imposed capital requirements, it is the Company's policy to monitor the paid-up capital, net worth and RBC requirements on a quarterly basis as part of the Company's internal financial reporting process.

As of December 31, 2025 and 2024, the Company fully complied with the externally imposed capital requirements during the reported financial periods. These are the fixed capitalization requirement and RBC requirement.

### Fixed Capitalization Requirements

On January 13, 2015, the IC issued Circular Letter (CL) No. 2015-02-A clarifying the minimum capitalization and net worth requirements of new and existing insurance companies in the Philippines. Based on the said CL, all domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least ₱550,000,000 by December 31, 2016.

The minimum net worth of the said companies shall remain unimpaired at all times and shall increase to the amounts as follows:

<u>Minimum Net worth</u>	<u>Compliance Date</u>
₱550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022



The Company has complied with the minimum net worth requirement and has an estimated net worth of ₱2,897,632,526 as of December 31, 2025, and actual net worth as of December 31, 2024 of ₱2,649,047,398 as examined by the IC.

#### RBC Requirements

For purposes of the December 31, 2025 and 2024 financial reporting, the Company determined its compliance with the RBC requirements of the IC based on the provisions of CL No. 2016-68. This circular provides RBC frameworks for nonlife insurance companies in order to establish the required amounts of capital to be maintained by the companies in relation to their investment and insurance risks. Every nonlife insurance company is annually required to maintain a minimum required RBC ratio of 100% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the nonlife insurance company to the corresponding regulatory intervention which has been defined at various levels.

If the Company failed to meet the minimum required statutory net worth and RBC requirements, the IC is authorized to suspend or revoke all certificates of authority granted to the Company, its officers and agents, and no new business shall be borne by and for the Company until its authority is restored by the IC.

Pursuant to IC CL No. 2017-15, *Regulatory Requirements and Actions for the New Regulatory Framework*, effective January 1, 2017, nonlife insurance companies are required to maintain minimum RBC2 requirement as prescribed under IC CL No. 2016-68. Under the RBC2 Framework, the RBC ratio shall be calculated as total available capital divided by the RBC2 requirement.

The following table shows the estimated RBC ratio as of December 31, 2025 and actual RBC ratio as of December 31, 2024 as determined by the Company based on the RBC2 Framework:

	<b>2025</b>	2024
	<b>(Estimate)</b>	(Actual)
Total available capital	<b>₱2,919,308,631</b>	₱2,664,973,024
RBC2 requirement	<b>528,791,939</b>	488,977,286
RBC2 ratio	<b>552%</b>	545%

Based on the 2024 result of IC examination, the Company was able to comply with the minimum RBC2 and net worth requirements. The final amount of the 2025 RBC ratio can only be determined after the accounts of the Company have been examined by the IC.

The total available capital shall be the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis. This capital is considered to be the highest quality capital available to the insurer. Tier 2 Capital does not have the same high quality characteristics of Tier 1 capital, but can provide an additional buffer to the insurer. Tier 2 capital shall not exceed 50% of Tier 1 Capital.

The RBC requirement shall be the capital that is required to be held appropriately to the risks an insurance company is exposed to, computed using the formula as prescribed under IC CL No. 2016-68.



### Financial Reporting Framework

IC CL No. 2016-65, *Financial Reporting Framework under Section 189 of the Amended Insurance Code*, prescribes the new financial reporting framework (FRF) that will be used for the statutory quarterly and annual reporting. This also includes rules and regulations concerning Titles III and IV of Chapter III of the Amended Insurance Code and all other accounts not discussed in the Amended Insurance Code but are used in accounting of insurance and reinsurance companies.

IC CL No. 2018-18, *Valuation Standards for Nonlife Insurance Policy Reserves*, prescribes valuation methodology for the nonlife insurance companies. In addition to the unearned premium reserves, the concept of unexpired risk reserves is also included in the calculation of the premium liability. The IBNR claims reserves are computed using actuarial projection techniques such as but not limited to the Chain ladder method, Expected loss ratio method and Bornheutter-Ferguson method. A margin for adverse deviation is computed at least on an annual basis based on standard projections techniques, such as but not limited to the Mack method, Bootstrapping method, Stochastic Chain Ladder method to bring the actuarial estimate of Policy Liabilities at the 75th percentile level of sufficiency and shall be incorporated on both premiums and claims liability valuation. Discount rates to be used shall be based on the latest PDST-R2 rates and the Bloomberg IYC Curve for PhP and USD-denominated policies, respectively.

Unexpired Risk Reserves (URR) refers to the amount of reserve required to cover future claims, commission and expenses at a designated level of confidence, that are expected to emerge from an unexpired period of cover. The premiums liabilities shall be determined in accordance with the valuation standards prescribed under IC CL No. 2018-18 which is the higher between the UPR and URR.

On March 9, 2018, the IC issued CL No. 2018-19, *Amendment to Circular Letter No.2016-69 "Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-based Capital (RBC2) Framework"*, which provides that item 3c *Margin for Adverse Deviation (MfAD)* of said circular is hereby amended as follows:

Companies shall be allowed to set the MfAD as follows:

Period Covered	Percentage (%) of company-specific MfAD
2017	0%
2018	50%
2019 onwards	100%

The Company complied with the aforementioned regulation and reflected ₱40,843,830 and ₱32,099,944 MfAD in the statements of financial position as of December 31, 2025 and 2024, respectively. The Company used 100% in 2025 and 2024 of the company specific MfAD.

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## 26. Management of Insurance and Financial Risk

### Insurance Risk

The risk under insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of the resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims and actual benefits paid are greater than originally estimated.



The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by change in any subset of the portfolio. The variability of risks can also be improved by careful selection and implementation of underwriting strategy and guidelines.

The majority of reinsurance business ceded is placed on a quota share basis with retention limits. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented in the statements of financial position as reinsurance assets.

Although the Company has reinsurance agreements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurers is unable to meet its obligations assumed under such reinsurance agreements.

The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The business of the Company mainly comprises of short-term nonlife insurance contracts.

The Company principally issues the following types of general insurance contracts: fire, engineering, marine, motor car, personal accident and miscellaneous casualty.

The table below sets out the concentration of the claims liabilities by type of contract (see Note 13).

	<b>2025</b>		
	<b>Gross Claims Liabilities</b>	<b>Reinsurers' Share of Claims Liabilities</b>	<b>Net</b>
<b>Accident</b>	<b>₱206,609,031</b>	<b>₱71,331,249</b>	<b>₱135,277,782</b>
<b>General accident</b>	<b>36,551,481</b>	<b>1,119,255</b>	<b>1,762,790</b>
<b>Fire</b>	<b>2,361,710</b>	<b>598,920</b>	<b>35,432,226</b>
<b>Engineering</b>	<b>3,227,758</b>	<b>25,032</b>	<b>3,202,726</b>
<b>Motor</b>	<b>7,978,703</b>	<b>28,771</b>	<b>7,949,932</b>
<b>Aviation</b>	<b>33,640</b>	<b>–</b>	<b>33,640</b>
<b>Marine cargo</b>	<b>4,923,800</b>	<b>16,240</b>	<b>4,907,560</b>
	<b>₱261,686,123</b>	<b>₱73,119,467</b>	<b>₱188,566,656</b>
	<b>2024</b>		
	<b>Gross Claims Liabilities</b>	<b>Reinsurers' Share of Claims Liabilities</b>	<b>Net</b>
Accident	₱168,883,181	₱85,344,076	₱83,539,105
General accident	32,753,754	954,794	603,099
Fire	751,012	147,913	31,798,960
Engineering	2,844,789	69,731	2,775,058
Motor	3,957,012	14,269	3,942,743
Aviation	103,240	–	103,240
Marine cargo	256,360	25,520	230,840
	<b>₱209,549,348</b>	<b>₱86,556,303</b>	<b>₱122,993,045</b>



### Key assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and number of claims for each accident year. Judgment is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key assumptions include variations in interest, delays in settlement and changes in foreign currency rates.

### Sensitivities

The insurance claims provision is sensitive to the above key assumptions. Because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the reporting dates.

The analysis in the next page is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities and income before income tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are nonlinear.

2025				
	Change in Assumptions	Impact on Gross Insurance Contract Liabilities	Impact on Net Insurance Contract Liabilities	Impact on Income Before Income Tax
Average claim costs	+ 10%	P91,790,150	P73,588,301	(P73,588,301)
Average number of claims	+ 10%	67,806,020	54,360,188	(54,360,188)
2024				
	Change in Assumptions	Impact on Gross Insurance Contract Liabilities	Impact on Net Insurance Contract Liabilities	Impact on Income Before Income Tax
Average claim costs	+ 10%	P68,725,961	P61,585,797	(P61,585,797)
Average number of claims	+ 10%	48,518,893	43,478,107	(43,478,107)

Average claim costs and number of claims used for valuation are selected with consideration for statutory requirements, as specified in the Code.

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.



*Claims development table*

The following tables reflect the cumulative incurred claims, including both claims notified and claim IBNR, for each successive accident year at each statement of financial position date, together with cumulative payment to date.

<b>Gross Insurance Contract Liabilities for 2025</b>						
Accident year	2021 and Prior Years	2022	2023	2024	2025	Total
Estimate of ultimate claim costs						
At the end of accident year	P1,380,493,685	P366,899,545	P404,974,444	P739,975,720	<b>P879,913,822</b>	<b>P879,913,822</b>
One year later	1,380,493,685	366,899,545	404,974,444	739,975,720	-	<b>739,975,720</b>
Two years later	1,380,493,685	366,899,545	404,974,444	-	-	<b>404,974,444</b>
Three years later	1,380,493,685	366,899,545	-	-	-	<b>366,899,545</b>
Four years later	1,380,822,638	-	-	-	-	<b>1,380,822,638</b>
Current estimate of cumulative claims	1,380,822,638	366,899,545	404,974,444	739,975,720	<b>879,913,822</b>	<b>3,772,586,169</b>
Cumulative payments to date	1,321,848,779	325,878,629	371,570,268	663,825,324	<b>827,777,045</b>	<b>3,510,900,045</b>
Liability recognized in the statements of financial position	<b>P58,973,859</b>	<b>P41,020,916</b>	<b>P33,404,176</b>	<b>P76,150,396</b>	<b>P52,136,777</b>	<b>P261,686,124</b>

<b>Net Insurance Contract Liabilities for 2025</b>						
Accident year	2021 and Prior Years	2022	2023	2024	2025	Total
Estimate of ultimate claim costs						
At the end of accident year	P930,819,672	P280,492,807	P381,251,466	P645,356,019	<b>P709,795,073</b>	<b>P709,795,073</b>
One year later	930,819,672	280,492,807	381,251,466	645,356,019	-	<b>645,356,019</b>
Two years later	930,819,672	280,492,807	381,251,466	-	-	<b>381,251,466</b>
Three years later	930,819,672	280,492,807	-	-	-	<b>280,492,807</b>
Four years later	931,050,178	-	-	-	-	<b>931,050,178</b>
Current estimate of cumulative claims	931,050,178	280,492,807	381,251,466	645,356,019	<b>709,795,073</b>	<b>2,947,945,543</b>
Cumulative payments to date	884,722,150	275,198,354	357,529,247	597,707,674	<b>644,221,461</b>	<b>2,759,378,886</b>
Liability recognized in the statements of financial position	<b>P46,328,028</b>	<b>P5,294,453</b>	<b>P23,722,219</b>	<b>P47,648,345</b>	<b>P65,573,612</b>	<b>P188,566,657</b>

<b>Gross Insurance Contract Liabilities for 2024</b>						
Accident year	2020 and Prior Years	2021	2022	2023	2024	Total
Estimate of ultimate claim costs						
At the end of accident year	P1,195,162,907	P185,330,778	P366,899,545	P404,974,444	P739,975,720	P739,975,720
One year later	1,195,162,907	185,330,778	366,899,545	404,974,444	-	<b>P404,974,444</b>
Two years later	1,195,162,907	185,330,778	366,899,545	-	-	<b>366,899,545</b>
Three years later	1,195,162,907	185,330,778	-	-	-	<b>185,330,778</b>
Four years later	1,195,491,861	-	-	-	-	<b>1,195,491,861</b>
Current estimate of cumulative claims	1,195,491,861	185,330,778	366,899,545	404,974,444	739,975,720	<b>2,892,672,348</b>
Cumulative payments to date	1,083,712,815	238,135,964	325,878,629	371,570,268	663,825,324	<b>2,683,123,000</b>
Liability recognized in the statements of financial position	<b>P111,779,046</b>	<b>(P52,805,186)</b>	<b>P41,020,916</b>	<b>P33,404,176</b>	<b>P76,150,396</b>	<b>P209,549,348</b>

<b>Net Insurance Contract Liabilities for 2024</b>						
Accident year	2020 and Prior Years	2021	2022	2023	2024	Total
Estimate of ultimate claim costs						
At the end of accident year	P766,118,861	P164,700,811	P280,492,807	P381,251,466	P645,356,019	P645,356,019
One year later	766,118,861	164,700,811	280,492,807	381,251,466	-	<b>381,251,466</b>
Two years later	766,118,861	164,700,811	280,492,807	-	-	<b>280,492,807</b>
Three years later	766,118,861	164,700,811	-	-	-	<b>164,700,811</b>
Four years later	766,349,367	-	-	-	-	<b>766,349,367</b>
Current estimate of cumulative claims	766,349,367	164,700,811	280,492,807	381,251,466	645,356,019	<b>2,238,150,470</b>
Cumulative payments to date	717,757,897	166,964,253	275,198,354	357,529,247	597,707,674	<b>2,115,157,425</b>
Liability recognized in the statements of financial position	<b>P48,591,470</b>	<b>(P2,263,442)</b>	<b>P5,294,453</b>	<b>P23,722,219</b>	<b>P47,648,345</b>	<b>P122,993,045</b>



### Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing group wide policies on credit, liquidity and market risk. It also supports the effective implementation of policies at the overall group and the individual business unit levels.

The policies define the Company's identification of risk and its interpretation, its limit structure to ensure the appropriate quality and diversification of assets, the alignment of underwriting and reinsurance strategy to the corporate goals and the specification of reporting requirements.

### Fair Value of Financial Instruments

Due to short-term nature of cash and cash equivalents, short-term investments, insurance receivables, interest receivable, insurance payables, and trade and other payables, the carrying values reasonably approximate fair value as of the reporting date.

The fair values of financial assets at FVTPL, categorized as Level 1, were determined using quoted market prices. Unquoted equity securities carried previously at cost under PAS 39 are intended to be held for the foreseeable future. As such, the Company applied the option to classify as financial assets at FVTPL in 2025 and 2024.

Due to the long-term nature of investment securities at amortized cost, their carrying value differs from fair value. The fair value of Investment securities at amortized cost, categorized as Level 1, are based on the quoted market prices at the end of the reporting date. The fair value of investment securities at amortized cost amounted to ₱3.38 billion and ₱3.26 billion as of December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the Company classifies all of its quoted financial assets under Level 1 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

### Financial Risk

The Company is exposed to financial risk through its financial assets and financial liabilities, particularly, credit risk, liquidity risk and market risk (foreign exchange, interest rate, and equity price risks). The Company's risk management policies and practices are documented in the subsequent paragraphs.

#### *Credit risk*

Credit risk is the risk that the Company will incur a loss arising from its counterparties that fail to discharge their contractual obligations.

Prior to extending credit, the Company manages its credit risk by assessing the credit quality of its counterparty. The Company has a credit policy group that reviews all information about the counterparty which may include its statements of financial position, statements of income, statements of comprehensive income and other market information and implements the internal rating system of the Company. The nature of the obligation is likewise considered. Based on this analysis, the credit analyst assigns the counterparty a credit rating to determine whether or not credit may be provided.

Credit risk limit is also used to manage credit exposure, which specifies credit limit for each intermediary depending on the size of its portfolio, and its ability to meet its obligation based on past experience. The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties, geographical and industry segments as of December 31, 2025 and 2024.



As of December 31, 2025 and 2024, the carrying values of the Company's financial instruments represent the maximum exposure to credit risk at reporting date.

The following table provides information regarding the credit risk exposure of the Company by classifying financial assets according to external (debt instruments, cash and cash equivalent) and internal (insurance receivables except reinsurance assets) credit ratings of the counterparties:

	2025			Total
	Investment/High Grade	Below Investment Grade	Past Due or Impaired	
Cash and cash equivalents*	₱670,011,755	₱-	₱-	₱670,011,755
Short-term investments	-	-	-	-
Insurance receivables**				
Premiums receivable	1,759,296	-	3,432,034	5,191,330
Due from ceding companies	30,881,753	-	14,173,041	45,054,794
Reinsurance recoverable on paid losses	11,844,701	-	114,734	11,959,435
Funds held by ceding companies	217,907	-	21,497,861	21,715,768
Financial assets at FVTPL				
Corporate debt securities	208,177,770	-	-	208,177,770
Investment securities at amortized cost				
Government debt securities	3,379,156,912	-	-	3,379,156,912
Interest receivable	43,130,495	-	-	43,130,495
	<b>₱4,345,180,589</b>	<b>₱-</b>	<b>₱39,217,670</b>	<b>₱4,384,398,259</b>

\*Cash, cash equivalents exclude cash on hand.

\*\*High grade based on internal rating

	2024			Total
	Investment/High Grade	Below Investment Grade	Past Due or Impaired	
Cash and cash equivalents*	₱332,627,560	₱-	₱-	₱332,627,560
Short-term investments	166,587,966	-	-	166,587,966
Insurance receivables**				
Premiums receivable	1,271,710	-	6,945,222	8,216,932
Due from ceding companies	28,847,762	-	7,609,271	36,457,033
Reinsurance recoverable on paid losses	-	-	252,260	252,260
Funds held by ceding companies	1,767,264	-	19,629,079	21,396,343
Financial assets at FVTPL				
Corporate debt securities	128,618,950	-	-	128,618,950
Investment securities at amortized cost				
Government debt securities	3,295,108,889	-	-	3,295,108,889
Interest receivable	40,006,457	-	-	40,006,457
	<b>₱3,994,836,558</b>	<b>₱-</b>	<b>₱34,435,832</b>	<b>₱4,029,272,390</b>

\*Cash and cash equivalents exclude cash on hand.

\*\*High grade based on internal rating

### Impairment assessment

Investment grade financial assets are assets which have strong capacity to meet the Company's financial commitments and are unsusceptible to adverse effects of changes in economic conditions.

Below investment grade financial assets are assets which are vulnerable to impairment due to the assets' significant speculative characteristics. Adverse economic conditions will likely impair below investment grade financial assets.

### *Cash, cash equivalents and short-term investments*

The credit risk for cash, cash equivalents and short-term investments is considered negligible or the probability of default from these reputable banks is remote since there has been no history of default from these counterparties and because of their high quality external credit ratings.



Cash in banks are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of ₱1.00 million per depositor per banking institution, as provided for under Republic Act (RA) No. 9576, Amendment to Charter of PDIC.

As of December 31, 2025 and 2024, impairment allowance on those financial assets is not material. Hence, the Company did not provide an ECL on such foregoing balances.

*Insurance Receivables*

The Company assessed the expected credit losses (ECL) on its receivables in accordance with IFRS 9 using a simplified approach.

Based on the nature of the microinsurance business, collections are generally received in advance of policy application, resulting in minimal exposure to credit risk. Substantially all receivables are supported by actual cash collections already received but yet to be identified and applied to the corresponding receivables.

Given this:

- Historical default experience is not fully representative of credit risk, as delays are largely operational in nature rather than indicative of non-collection;
- The underlying exposure is effectively secured by cash already received; and
- There are no significant indicators of deterioration in counterparties' ability to pay.

Accordingly, management assessed that credit risk is minimal, and the resulting ECL remains not significant, with any provision reflecting only residual exposures not yet supported by identified collections.

The credit quality of the financial assets was determined as follows:

*a. Cash, cash equivalents and short-term investments*

These are classified as investment grade. These are deposited, placed or invested in local banks belonging to the top banks in the Philippines in terms of resources and profitability.

*b. Insurance receivables*

The Company uses a credit rating concept based on the borrower's overall credit worthiness. Investment grade is given to borrowers and counterparties having good standing in terms of credit and paying habits and their outstanding account balance does not exceed 30% of their total production. Below investment grade is given to borrowers and counterparties having low standing in terms of credit and paying habits and their outstanding balance exceeds 50% of their total production.

*c. Debt securities*

These are classified as investment grade. The government debt securities are issued by local government authority and are considered as risk-free debt securities.

	2025			Total
	Stage 1	Stage 2	Stage 3	
<b>Insurance Receivables</b>				
High Grade	P-	₱40,597,008	₱4,106,649	₱44,703,657
Noninvestment Grade	-	-	-	-
Past Due or Impaired	-	-	39,217,670	39,217,670
	P-	₱40,597,008	₱43,324,319	₱83,921,327
<b>Financial Assets at FVTPL</b>				
High Grade	208,227,696			208,227,696
<b>Investment Securities at Amortized Cost</b>				
High Grade	3,379,156,912			3,379,156,912



	2024			Total
	Stage 1	Stage 2	Stage 3	
<b>Insurance Receivables</b>				
High Grade	P-	P27,859,287	P4,027,448	P31,886,735
Noninvestment Grade	-	-	-	-
Past Due or Impaired	-	-	34,435,833	34,435,833
	P-	P27,858,287	P38,463,281	P66,322,568
<b>Financial Assets at FVTPL</b>				
High Grade	P128,638,950	P-	P-	P128,638,950
<b>Investment Securities at Amortized Cost</b>				
High Grade	P3,295,108,889	P-	P-	P3,295,108,889

Movements of insurance receivables and investment securities is as follows:

	2025			Total
	Stage 1	Stage 2	Stage 3	
<b>Insurance Receivables</b>				
Balance as of January 1, 2025	P-	P27,859,288	P38,463,280	P66,322,568
New assets originated	-	2,488,572,065	-	2,488,572,065
Assets derecognized or repaid	-	(2,447,975,057)	(22,998,249)	(2,470,973,306)
Transfers to Stage 3	-	(27,859,288)	27,859,288	-
<b>Balance at December 31, 2025</b>	P-	P40,597,008	P43,324,319	P83,921,327
<b>Financial Assets at FVTPL</b>				
Balance as of January 1, 2025	P128,638,950	P-	P-	P128,638,950
New assets originated	100,000,000	-	-	100,000,000
Assets derecognized or repaid	(20,000,000)	-	-	(20,000,000)
Foreign exchange adjustment	(411,254)	-	-	(411,254)
<b>Balance at December 31, 2025</b>	P208,227,696	P-	P-	P208,227,696
<b>Investment Securities at Amortized Cost</b>				
Balance as of January 1, 2025	P3,295,108,889	P-	P-	P3,295,108,889
New assets originated	698,044,748	-	-	698,044,748
Assets derecognized or repaid	(605,000,000)	-	-	(605,000,000)
Amortization	(8,996,725)	-	-	(8,996,725)
<b>Balance at December 31, 2025</b>	P3,379,156,912	P-	P-	P3,379,156,912

	2024			Total
	Stage 1	Stage 2	Stage 3	
<b>Insurance Receivables</b>				
Balance as of January 1, 2023	P-	P38,263,829	P37,893,079	P76,156,908
New assets originated	-	2,198,104,836	-	2,198,104,836
Assets derecognized or repaid	-	(2,170,245,548)	(37,693,628)	(2,207,939,176)
Transfers to Stage 3	-	(38,263,829)	38,263,829	-
<b>Balance at December 31, 2024</b>	P-	P27,859,288	P38,463,280	P66,322,568
<b>Financial Assets at FVTPL</b>				
Balance as of January 1, 2024	P128,618,170	P-	P-	P128,618,170
New assets originated	-	-	-	-
Assets derecognized or repaid	-	-	-	-
Foreign exchange adjustment	20,780	-	-	20,780
<b>Balance at December 31, 2024</b>	P128,638,950	P-	P-	P128,638,950
<b>Investment Securities at Amortized Cost</b>				
Balance as of January 1, 2024	P2,498,318,037	P-	P-	P2,498,318,037
New assets originated	996,217,197	-	-	996,217,197
Assets derecognized or repaid	(195,000,000)	-	-	(195,000,000)
Amortization	(4,426,345)	-	-	(4,426,345)
<b>Balance at December 31, 2024</b>	P3,295,108,889	P-	P-	P3,295,108,889



As of December 31, 2025 and 2024, no allowance for impairment losses has been recognized for the investment securities considering these are government securities.

*Liquidity risk*

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments as they fall due. Liquidity risks may result from either the inability to sell financial assets quickly at their fair values, the counterparty failing to repay a contractual obligation, insurance liabilities falling due for payment earlier than expected, or inability to generate cash inflows as anticipated.

An institution may suffer from a liquidity problem when its credit rating falls. The Company is also exposed to liquidity risk if markets on which it depends are subject to loss of liquidity. The major liquidity risk confronting the Company is the potential daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company, specifies minimum proportion of funds to meet emergency calls, sets up policies on contingency funding plans, specifies the sources of funding and the events that would trigger the plan as well as concentration of funding sources, requires reporting of liquidity risk exposures and breaches to the monitoring authority, and calls for monitoring of compliance with liquidity risk policy and review of liquidity risk policy.

The tables in the next page group the financial assets and liabilities, including reinsurance assets and insurance contract liabilities, of the Company as of December 31 into their relevant maturity groups based on the remaining period at the reporting date to their undiscounted contractual maturities or expected repayment dates. For financial assets at FVTPL, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the expected date the assets will be realized.

	2025				Total
	Up to a year	1-3 years	More than 3 years	No Maturity Date	
Cash, cash equivalents*	<b>₱679,427,309</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱679,427,309</b>
Insurance receivables	<b>83,880,170</b>	-	-	-	<b>83,880,170</b>
Interest receivable	<b>43,130,495</b>	-	-	-	<b>43,130,495</b>
Investment securities at amortized cost					
Government debt securities*	<b>483,718,999</b>	<b>955,766,123</b>	<b>3,676,592,129</b>	-	<b>5,116,077,251</b>
FVTPL financial assets					
Corporate debt securities*	<b>13,681,930</b>	<b>75,857,535</b>	<b>190,252,555</b>	-	<b>279,792,020</b>
Unquoted equity securities	-	-	-	<b>49,926</b>	<b>49,926</b>
<b>Total financial assets</b>	<b>1,303,838,903</b>	<b>1,031,623,658</b>	<b>3,866,844,684</b>	<b>49,926</b>	<b>6,202,357,171</b>
Other financial liabilities					
Insurance contract liabilities	<b>1,278,641,304</b>	-	-	-	<b>1,278,641,304</b>
Insurance payables	<b>227,297,966</b>	-	-	-	<b>227,297,966</b>
Accounts payable and accrued expenses**	<b>181,231,769</b>	-	-	<b>1,659,694</b>	<b>182,891,463</b>
<b>Total financial liabilities</b>	<b>₱1,687,171,039</b>	<b>₱-</b>	<b>₱-</b>	<b>₱1,659,694</b>	<b>₱1,688,830,733</b>

\*Includes future interest

\*\*Accounts payable and accrued expenses exclude taxes payables



	2024				Total
	Up to a year	1-3 years	More than 3 years	No Maturity Date	
Cash, cash equivalents*	P338,016,361	P-	P-	P-	P338,016,361
Short-term investments*	170,547,537	-	-	-	170,547,537
Insurance receivables	66,281,411	-	-	-	66,281,411
Interest receivable	40,006,457	-	-	-	40,006,457
Investment securities at amortized cost					
Government debt securities*	780,956,438	979,384,750	2,805,561,219	-	4,565,902,407
FVTPL financial assets					
Corporate debt securities*	28,348,910	14,215,060	118,778,460	-	161,342,430
Unquoted equity securities	-	-	-	20,000	20,000
<b>Total financial assets</b>	<b>P1,424,157,114</b>	<b>P993,599,810</b>	<b>P2,924,339,679</b>	<b>P20,000</b>	<b>P5,342,116,603</b>
Other financial liabilities					
Insurance contract liabilities	P1,165,909,106	P-	P-	P-	P1,165,909,106
Insurance payables	264,895,779	-	-	-	264,895,779
Accounts payable and accrued expenses**	173,620,992	-	-	1,403,694	175,024,686
<b>Total financial liabilities</b>	<b>P1,604,425,877</b>	<b>P-</b>	<b>P-</b>	<b>P1,403,694</b>	<b>P1,605,829,571</b>

\*Includes future interest

\*\*Accounts payable and accrued expenses exclude taxes payables.

### Market risk

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

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

The Company structures levels of market risk it accepts through a sound market risk policy based on specific guidelines set by an Investment Committee. This policy sets certain limits on exposure to investments mostly with top-rated banks, which are selected on the basis of the banks' credit ratings, capitalization and quality servicing being rendered to the Company.

### Currency risk

Currency risk is the risk that the value of the financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Philippine Peso and its exposure to foreign exchange risk is minimal.

### Interest rate risk

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

The following table sets out the Company's financial instruments exposed to interest rate risk by maturity.

	Range of Interest Rate	2025			Total
		Up to a year	1 to 3 years	More than 3 years	
Cash and cash equivalents*	0.25% - 6.25%	P670,011,755	P-	P-	P670,011,755
Debt financial assets at FVTPL	6.12% - 7.53%	-	-	208,227,696	208,227,696
Investment securities at amortized cost	2.63% - 9.25%	285,483,787	606,434,802	2,487,238,323	3,379,156,912
<b>Total interest-bearing financial assets</b>		<b>P955,495,542</b>	<b>P606,434,802</b>	<b>P2,695,466,019</b>	<b>P4,257,396,363</b>

\*Cash and cash equivalents exclude cash on hand



	Range of Interest Rate	2024			Total
		Up to a year	1 to 3 years	More than 3 years	
Cash and cash equivalents*	0.75% - 6.50%	₱332,627,560	₱-	₱-	₱332,627,560
Short-term investments	5.75% - 6.00%	166,587,966			166,587,966
Debt financial assets at FVTPL	6.12% - 7.53%	-	-	128,618,950	128,618,950
Investment securities at amortized cost	2.38% - 9.25%	601,340,234	698,083,608	1,995,685,047	3,295,108,889
<b>Total interest-bearing financial assets</b>		<b>₱1,100,555,760</b>	<b>₱698,083,608</b>	<b>₱2,124,303,997</b>	<b>₱3,922,943,365</b>

\*Cash and cash equivalents exclude cash on hand

The following table demonstrates the sensitivity to a reasonably possible change in interest rates of December 31, 2025 and 2024, with all variables held constant, through the impact on changes in fair value of quoted debt securities.

Change in basis points:	Impact on profit before income tax	
	2025	2024
+100 basis points	<b>(₱7,607,443)</b>	<b>(₱4,108,220)</b>
-100 basis points	<b>7,607,443</b>	<b>4,108,220</b>

As of December 31, 2025 and 2024, the Company's investments relate primarily to fixed-rate debt securities that are classified as investments securities at amortized cost and HTM investments carried at amortized cost, respectively.

## 27. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recorded and settled.

	2025			2024		
	Less than 12 months	Over 12 Months	Total	Less than 12 months	Over 12 Months	Total
<b>ASSETS</b>						
Cash, cash equivalents and short-term investments	<b>₱671,329,255</b>	<b>₱-</b>	<b>₱671,329,255</b>	₱500,469,026	₱-	₱500,469,026
Insurance receivables - net	<b>83,880,170</b>	-	<b>83,880,170</b>	66,281,411	-	66,281,411
Financial assets						
Financial assets at FVTPL	-	<b>208,227,696</b>	<b>208,227,696</b>	-	128,638,950	128,638,950
Investment securities at amortized cost	<b>285,483,787</b>	<b>3,093,673,125</b>	<b>3,379,156,912</b>	601,340,234	2,693,768,655	3,295,108,889
Interest receivable	<b>43,130,495</b>	-	<b>43,130,495</b>	40,006,457	-	40,006,457
Deferred acquisition costs	<b>54,338,722</b>	-	<b>54,338,722</b>	49,740,382	-	49,740,382
Reinsurance assets	<b>255,920,563</b>	-	<b>255,920,563</b>	252,589,319	-	252,589,319
Investment property	-	<b>10</b>	<b>10</b>	-	10	10
Property and equipment	-	<b>3,964,396</b>	<b>3,964,396</b>	-	5,813,647	5,813,647
Deferred tax asset - net	-	<b>25,660,647</b>	<b>25,660,647</b>	-	20,646,157	20,646,157
Net pension asset	-	<b>10,820,156</b>	<b>10,820,156</b>	-	-	-
Right-of-use assets	<b>3,741,520</b>	<b>1,961,649</b>	<b>5,703,169</b>	4,309,940	2,387,760	6,697,700
Other assets	<b>22,927,800</b>	<b>1,561,789</b>	<b>24,489,589</b>	21,918,583	1,519,561	23,438,144
	<b>₱1,420,752,312</b>	<b>₱3,345,869,468</b>	<b>₱4,766,621,780</b>	<b>₱1,536,655,352</b>	<b>₱2,852,774,740</b>	<b>₱4,389,430,092</b>
<b>LIABILITIES</b>						
Insurance contract liabilities	<b>₱1,278,641,304</b>	<b>₱-</b>	<b>₱1,278,641,304</b>	₱1,165,909,106	₱-	₱1,165,909,106
Insurance payables	<b>227,297,966</b>	-	<b>227,297,966</b>	264,895,779	-	264,895,779
Accounts payable and accrued expenses	<b>207,965,593</b>	<b>1,659,693</b>	<b>209,625,286</b>	201,500,091	1,403,694	202,903,785
Deferred reinsurance commissions	<b>11,376,615</b>	-	<b>11,376,615</b>	10,771,047	-	10,771,047
Net pension liability	-	-	-	-	1,122,101	1,122,101
Lease liabilities	<b>3,847,033</b>	<b>2,188,336</b>	<b>6,035,369</b>	4,360,595	2,614,171	6,974,766
Income tax payable	<b>67,259,779</b>	-	<b>67,259,779</b>	35,302,639	-	35,302,639
	<b>₱1,796,388,289</b>	<b>₱3,848,030</b>	<b>₱1,800,236,319</b>	<b>₱1,682,739,257</b>	<b>₱5,139,966</b>	<b>₱1,687,879,223</b>



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**28. Supplementary Tax Information Required under Revenue Regulations (RR) No. 15-2010**

In compliance with the requirements set forth by RR No. 15-2010 hereunder are the information on taxes and license fees paid or accrued during the taxable year.

Value-Added Tax (VAT)

The Company is a VAT-registered company with VAT output tax declaration of ₱7,580,946 for the year based on the amount reflected in the net insurance premiums of ₱63,174,552.

The amount of VAT input taxes claimed are broken down as follows:

Balance at January 1, 2025	₱-
Current year's purchases:	
Domestic Purchases	21,161,807
	<hr/> 21,161,807
Input VAT applied to output VAT	(644,373)
Input VAT allocable to exempt sales	(20,517,434)
Balance at December 31, 2025	<hr/> <hr/> ₱-

Other Taxes and Licenses

The taxes and licenses paid and claimed by the Company in 2025 is as follows:

<i>Local</i>	
Business permit	₱1,050,534
Real property tax	102,490
Community tax certificate	10,500
Others	52,890
	<hr/> 1,216,414
<i>National</i>	
Supervision fees paid to the IC	290,750
Fees and charges paid to the IC	32,075
Filing fee for 2024 annual statement paid to the IC	40,000
	<hr/> 362,825
	<hr/> <hr/> ₱1,579,239

The Company has taxes relating to nonlife insurance policies that has been shifted or passed on to the policy holders and are not recognized in the statement of income. Details are as follows:

Premium tax	₱41,565,185
Documentary stamps tax	5,785,200
Local government tax	9,478,173
Fire service tax	110,372
	<hr/> ₱56,938,930

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Withholding Taxes

The amount of expanded withholding taxes paid and accrued for the year amounted to:

Expanded withholding taxes	₱21,904,967
<u>Withholding taxes on compensation and benefits</u>	<u>5,801,617</u>
	<u>₱27,706,584</u>

Tax Assessments and Cases

The Company has no deficiency tax assessment or any tax case, litigation, and/or prosecution in courts or bodies outside the Bureau of Internal Revenue as of December 31, 2025.

