



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of InLife Benefits Insurance Company, Inc. (formerly Generali Life Assurance Philippines, Inc.) (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the shareholders of the Company.

Sycip Gorres Velayo & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders of the Company, has expressed its opinion on the fairness of presentation upon completion of such audit.

**Nina Perpetua D. Aguas**  
Chairman, Board of Directors

**Maria Noemi G. Azura**  
President & Chief Executive Officer

**Marcos C. Delin**  
Chief Financial Officer

Signed this 21<sup>st</sup> of April 2026

**INLIFE BENEFITS INSURANCE  
COMPANY, INC.**  
(formerly Generali Life Assurance  
Philippines, Inc.)

Financial Statements  
December 31, 2025  
(With Comparative Figures for  
December 31, 2024)

and

Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

The Stockholders and Board of Directors  
InLife Benefits Insurance Company, Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of InLife Benefits Insurance Company, Inc. (formerly “Generali Life Assurance Philippines, Inc.”) (the Company), which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statements of cash flows for the year 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 its financial performance and its cash flows for the year 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 (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 our audits of the 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.

#### Other Matter

The financial statements of InLife Benefits Insurance Company, Inc. (formerly “Generali Life Assurance Philippines, Inc.”) as at and for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 29, 2025.

#### 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 of the Bureau of Internal Revenue (BIR)**

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 15-2010 in Note 27 to the basic financial statements is presented for purposes of filing with BIR and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Glenda C. Anisco-Niño*  
Glenda C. Anisco-Niño

Partner

CPA Certificate No. 114462

Tax Identification No. 225-158-629

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

SEC Partner Accreditation No. 114462-SEC (Group A)

Valid to cover audit of 2022 to 2026 financial statements

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

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028

PTR No. 10765006, January 2, 2026, Makati City

April 21, 2026



**INLIFE BENEFITS INSURANCE COMPANY, INC.**  
**(formerly Generali Life Assurance Philippines, Inc.)**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2025**

**(With Comparative Figures for 2024)**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents (Note 4)	<b>₱501,439,529</b>	₱202,676,721
Insurance receivables - net (Notes 5 and 25)	<b>1,055,444,804</b>	784,915,523
Financial assets:		
Available-for-sale financial assets (Note 6)	<b>397,957,717</b>	567,186,138
Held-to-maturity financial assets (Note 6)	<b>1,787,390,224</b>	2,054,463,465
Loans and receivables - net (Note 6)	<b>22,323,218</b>	74,599,956
Accrued income (Notes 7 and 25)	<b>29,397,815</b>	32,226,050
Property and equipment - net (Note 8)	<b>18,230,523</b>	17,316,252
Right-of-use assets - net (Note 8)	<b>13,794,442</b>	24,672,532
Intangible assets - net (Note 9)	<b>69,233,366</b>	128,914,534
Deferred tax assets - net (Notes 22 and 25)	<b>10,919,897</b>	34,068,492
Pension asset - net (Note 14)	<b>33,205</b>	-
Other assets - net (Note 10)	<b>251,908,170</b>	194,917,664
	<b>₱4,158,072,910</b>	<b>₱4,115,957,327</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 11 and 25)	<b>₱2,035,640,592</b>	₱1,500,063,346
Insurance payables (Notes 12 and 25)	<b>810,002,388</b>	487,886,802
Accounts payable and accrued expenses (Note 13)	<b>558,231,206</b>	340,506,348
Pension liability - net (Note 14)	<b>-</b>	869,242
Lease liabilities (Note 24)	<b>15,433,577</b>	26,052,384
	<b>3,419,307,763</b>	2,355,378,122
<b>Equity</b>		
Capital stock (Note 15)	<b>3,421,260,600</b>	3,421,260,600
Additional paid-in capital (Note 15)	<b>43,398,973</b>	41,624,801
Contributed surplus	<b>50,000,000</b>	50,000,000
Contingency surplus (Note 15)	<b>250,000,000</b>	250,000,000
Deficit	<b>(3,021,406,017)</b>	(1,983,876,766)
Unrealized loss on available-for-sale financial assets (Note 6)	<b>(1,609,790)</b>	(16,981,849)
Remeasurement gain on pension obligation	<b>6,327,118</b>	7,522,421
Remeasurement loss on life insurance reserves (Note 11)	<b>(9,205,737)</b>	(8,970,002)
	<b>738,765,147</b>	1,760,579,205
	<b>₱4,158,072,910</b>	<b>₱4,115,957,327</b>

*See Notes to the Financial Statements.*



**INLIFE BENEFITS INSURANCE COMPANY, INC.**  
**(formerly Generali Life Assurance Philippines, Inc.)**

**STATEMENTS OF COMPREHENSIVE LOSS**

**For the Year Ended December 31, 2025**

**(With Comparative Figures for 2024)**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>REVENUES</b>		
Gross insurance premiums	<b>₱3,861,395,913</b>	₱3,031,741,206
Reinsurers' share of gross insurance premiums	<b>(399,923,189)</b>	(449,368,585)
Net insurance premiums (Note 16)	<b>3,461,472,724</b>	2,582,372,621
Investment income (Note 17)	<b>134,469,481</b>	155,003,320
Medical service fee and other income (Note 18)	<b>2,385,856</b>	34,801,122
<b>Total revenues</b>	<b>3,598,328,061</b>	2,772,177,063
<b>NET INSURANCE BENEFITS AND CLAIMS</b>		
Gross insurance contract benefits and claims paid (Note 11)	<b>3,063,226,279</b>	2,269,927,575
Reinsurers' share of gross insurance contract benefits and claims paid (Note 11)	<b>(452,938,531)</b>	(264,011,276)
Gross change in insurance contract liabilities (Note 19)	<b>535,236,059</b>	(22,353,585)
Reinsurer's share of gross change in outstanding claims provisions (Note 19)	<b>3,397,210</b>	37,571,396
<b>Net insurance benefits and claims</b>	<b>3,148,921,017</b>	2,021,134,110
<b>OPERATING EXPENSES</b>		
Commission expenses - net (Note 20)	<b>420,551,023</b>	250,704,402
General and administrative expenses (Note 21)	<b>1,016,282,686</b>	609,005,257
Interest expense on lease liabilities (Note 24)	<b>1,630,951</b>	1,646,706
Foreign exchange loss - net	<b>370,647</b>	281,934
<b>Total operating expenses</b>	<b>1,438,835,307</b>	861,638,299
<b>LOSS BEFORE INCOME TAX EXPENSE</b>	<b>(989,428,263)</b>	(110,595,345)
<b>PROVISION FOR INCOME TAX (Note 22)</b>	<b>(48,100,988)</b>	(38,148,655)
<b>NET LOSS</b>	<b>(1,037,529,251)</b>	(148,744,000)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Changes in fair value of available-for-sale financial assets (Note 6)	<b>15,372,059</b>	6,483,011
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurement loss on pension obligation - net of tax	<b>(1,195,303)</b>	(344,269)
Remeasurement gain (loss) on life insurance reserves - net of tax	<b>(235,735)</b>	158,592
	<b>13,941,021</b>	6,297,334
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(₱1,023,588,230)</b>	(₱142,446,666)

See Notes to the Financial Statements.



**INLIFE BENEFITS INSURANCE COMPANY, INC.**  
**(formerly Generali Life Assurance Philippines, Inc.)**

**STATEMENTS OF CHANGES IN EQUITY**  
**For the Year Ended December 31, 2025**  
**(With Comparative Figures for 2024)**

	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Contributed Surplus	Deposits for Future Stock Subscriptions (Note 15)	Contingency Surplus	Unrealized Loss on Available- for-sale Financial Assets (Note 6)	Deficit	Remeasurement Gain on Pension Obligation	Remeasurement Loss on Life Insurance Reserves	Total
<b>Balance at January 1, 2025</b>	<b>₱3,421,260,600</b>	<b>₱41,624,801</b>	<b>₱50,000,000</b>	<b>₱-</b>	<b>₱250,000,000</b>	<b>(₱1,983,876,766)</b>	<b>(₱16,981,849)</b>	<b>₱7,522,421</b>	<b>(₱8,970,002)</b>	<b>₱1,760,579,205</b>
Share-based payment	-	1,774,172	-	-	-	-	-	-	-	1,774,172
Net loss	-	-	-	-	-	(1,037,529,251)	-	-	-	(1,037,529,251)
Other comprehensive income (loss):	-	-	-	-	-	-	15,372,059	(1,195,303)	(235,735)	13,941,021
Total comprehensive income (loss)	-	-	-	-	-	(1,037,529,251)	15,372,059	(1,195,303)	(235,735)	(1,023,588,230)
<b>Balance at December 31, 2025</b>	<b>₱3,421,260,600</b>	<b>₱43,398,973</b>	<b>₱50,000,000</b>	<b>₱-</b>	<b>₱250,000,000</b>	<b>(₱3,021,406,017)</b>	<b>(₱1,609,790)</b>	<b>₱6,327,118</b>	<b>(₱9,205,737)</b>	<b>₱738,765,147</b>
Balance at January 1, 2024	₱3,421,260,600	₱31,318,932	₱50,000,000	₱-	₱250,000,000	(₱1,835,132,766)	(₱23,464,860)	₱7,866,691	(₱9,128,594)	₱1,892,720,003
Share-based payment	-	10,305,869	-	-	-	-	-	-	-	10,305,869
Net loss	-	-	-	-	-	(148,744,000)	-	-	-	(148,744,000)
Other comprehensive income (loss):	-	-	-	-	-	-	6,483,011	(344,270)	158,592	6,297,333
Total comprehensive income (loss)	-	-	-	-	-	(148,744,000)	6,483,011	(344,270)	158,592	(142,446,666)
<b>Balance at December 31, 2024</b>	<b>₱3,421,260,600</b>	<b>₱41,624,801</b>	<b>₱50,000,000</b>	<b>₱-</b>	<b>₱250,000,000</b>	<b>(₱1,983,876,766)</b>	<b>(₱16,981,849)</b>	<b>₱7,522,421</b>	<b>(₱8,970,002)</b>	<b>₱1,760,579,205</b>

See Notes to the Financial Statements.



**INLIFE BENEFITS INSURANCE COMPANY, INC.**  
**(formerly Generali Life Assurance Philippines, Inc.)**

**STATEMENTS OF CASH FLOWS**

**For the Year Ended December 31, 2025**

**(With Comparative Figures for 2024)**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax expense	<b>(₱989,428,263)</b>	<b>(₱110,595,345)</b>
Adjustments for:		
Provision for (reversal of) impairment and probable losses (Notes 5, 6 and 21)	<b>337,142,357</b>	<b>(14,626,655)</b>
Investment income (Notes 4, 6 and 17)	<b>(135,622,229)</b>	<b>(155,230,723)</b>
Depreciation and amortization (Notes 8, 9 and 21)	<b>63,143,498</b>	<b>59,686,214</b>
Pension expense (Notes 14 and 21)	<b>11,633,354</b>	<b>12,084,216</b>
Amortization of bond (discount) premium (Note 6)	<b>(3,583,579)</b>	<b>3,967,026</b>
Loss (gain) on sale of property and equipment	<b>2,696,733</b>	<b>(2,835)</b>
Expense from equity-settled share-based employee benefits	<b>1,774,172</b>	<b>10,305,868</b>
Interest expense on lease liabilities (Note 24)	<b>1,630,951</b>	<b>1,646,706</b>
Loss on sale of available-for-sale financial asset (Notes 6 and 17)	<b>874,538</b>	<b>–</b>
Operating loss before working capital changes	<b>(709,738,468)</b>	<b>(192,765,528)</b>
Decrease (increase) in:		
Insurance receivables - net	<b>(366,640,127)</b>	<b>(247,634,098)</b>
Loans and receivables	<b>46,497,975</b>	<b>(51,857,721)</b>
Other assets - net	<b>(66,397,525)</b>	<b>(29,312,599)</b>
Increase (decrease) in:		
Insurance contract liabilities	<b>535,262,933</b>	<b>231,147,364</b>
Insurance payables	<b>322,115,587</b>	<b>(126,134,895)</b>
Accounts payable and accrued expenses	<b>15,232,270</b>	<b>139,678,821</b>
Net cash used in operations	<b>(223,667,355)</b>	<b>(276,878,656)</b>
Investment income received	<b>138,450,464</b>	<b>156,511,468</b>
Contributions to the pension assets (Note 14)	<b>(14,129,538)</b>	<b>(12,437,894)</b>
Income tax paid	<b>(27,501,142)</b>	<b>(38,815,998)</b>
Net cash used in operating activities	<b>(126,847,571)</b>	<b>(171,621,080)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale/maturities of:		
Available-for-sale financial assets (Note 6)	<b>189,592,789</b>	<b>–</b>
Held-to-maturity financial assets (Note 6)	<b>321,512,808</b>	<b>361,051,350</b>
Property and equipment (Note 8)	<b>500,000</b>	<b>364,111</b>
Acquisitions of:		
Available-for-sale financial assets (Note 6)	<b>(3,508,400)</b>	<b>(110,960,950)</b>
Held-to-maturity financial assets (Note 6)	<b>(50,188,674)</b>	<b>–</b>
Property and equipment (Note 8)	<b>(12,047,750)</b>	<b>(7,068,151)</b>
Intangible assets (Note 9)	<b>(8,000,636)</b>	<b>(25,709,615)</b>
Net cash provided by investing activities	<b>437,860,137</b>	<b>217,676,745</b>

(Forward)



	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Payment of lease liabilities (Note 24)	<b>(12,249,758)</b>	<b>(9,334,007)</b>
Cash used in financing activity	<b>(12,249,758)</b>	<b>(9,334,007)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>298,762,808</b>	<b>36,721,658</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>202,676,721</b>	<b>165,955,064</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱501,439,529</b>	<b>₱202,676,721</b>

*See Notes to the Financial Statements.*



**INLIFE BENEFITS INSURANCE COMPANY, INC.**  
**(formerly Generali Life Assurance Philippines, Inc.)**

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**NOTES TO FINANCIAL STATEMENTS**

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**1. Corporate Information**

InLife Benefits Insurance Company, Inc. (formerly Generali Life Assurance Philippines, Inc.) (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 9, 1999. The Company was organized primarily to engage in the business of life insurance and commenced commercial operations on July 1, 2016.

The Company was formerly a wholly owned subsidiary of Generali Asia N.V. (GANV) and part of the Generali Group, with Assicurazioni Generali S.p.A. as its ultimate parent company. On May 23, 2025, The Insular Life Assurance Company, Ltd. acquired 100% ownership of the Company from GANV and became the new Parent Company.

On December 12, 2025, the Company changed its name to InLife Benefits Insurance Company, Inc. following the endorsement of the Insurance Commission (IC) and the approval of the Amended Articles of Incorporation by the Philippine SEC.

In view of the Company's net worth deficiency, the Parent Company approved a capital infusion of ₱1.00 billion on January 22, 2026 to strengthen the Company's capital position and restore compliance with statutory net worth requirements (see Note 15). The capital infusion is also intended to absorb accumulated losses, address non-admitted assets, and support the Company's ongoing operations.

Notwithstanding the net worth deficiency as of December 31, 2025, the accompanying financial statements have been prepared on a going concern basis. Management has assessed that the approved capital infusion and the continuing financial support from the Parent Company provide adequate resources for the Company to meet its obligations as they fall due and to comply with regulatory capital requirements.

The Company is licensed by the IC under Certificate of Authority No. 2025/06-R to transact life insurance business in the Philippines until December 31, 2027.

The Company's registered office address is at the 10th Floor, Petron Megaplaza, Sen. Gil Puyat Avenue, Makati City, Philippines.

The financial statements of the Company were approved and authorized for issuance by the Company's board of directors (BOD) on April 21, 2026.

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**2. Basis of Preparation, Statement of Compliance and Summary of Material Accounting Policy Information**

Basis of Preparation

These financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets which have been at measured at fair value.

Statement of Compliance

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



#### Functional and Presentation Currency

The financial statements are presented in Philippine peso (₱), the Company's functional and presentation currency. All amounts are rounded to the nearest peso amount, unless otherwise indicated.

#### Presentation of Financial Statements

The statements of financial position of the Company are presented in order of liquidity. An analysis regarding the recovery of assets or settlement of liabilities within twelve (12) months after the statement of financial position date (current) and more than twelve (12) months after the statement of financial position date (noncurrent) is presented in Note 26.

#### Reclassification of Comparative Information

During the year, the Company reclassified certain prior year amounts to conform to the current year's presentation. These reclassifications were made to provide more relevant and reliable information in the financial statements and to align with the presentation of the Parent Company (see Notes 5 and 11).

#### **Summary of Material Accounting Policy Information**

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except for the amendments to standards as discussed below.

#### New Standards, Interpretations and Amendments

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

Unless otherwise indicated, 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.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

#### 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. Investment contracts are those contracts that transfer significant financial risk, but not significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.



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 expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Based on the Company guidelines, all products in its portfolio meet the definition of insurance contracts. There are no investment contracts as at the reporting date.

### Financial Instruments

#### *Date of recognition*

Financial instruments are recognized in the statement of financial position 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*

Financial instruments are recognized initially at fair value. Except for financial instruments at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. Financial assets of the Company are classified as in four categories: financial asset at FVPL, loans and receivables, HTM and AFS financial assets. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market.

Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of December 31, 2025 and 2024, the Company has no financial assets at FVPL.

#### *AFS financial assets*

AFS financial assets are those which are designated as such or do not qualify to be classified as financial assets at FVPL, HTM financial assets or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss. Interest earned on holding AFS financial assets is reported as interest income using the effective interest method. Dividends earned on holding AFS financial assets are recognized in profit or loss under “Investment income” account when the right to receive payment has been established. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as “Unrealized loss on available-for-sale financial assets” in OCI. The losses arising from impairment of such investments are recognized as “Provision for impairment and probable losses” account in profit or loss. When a security is disposed of, the cumulative gain or loss previously recognized in OCI is reported as “Gain (loss) on sale of AFS financial assets” in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment loss.

#### *HTM financial assets*

HTM financial assets are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity.



These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of HTM financial assets. After initial measurement, these financial assets are subsequently measured at amortized cost using the effective interest rate, less impairment in value.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included under “Investment income” in the profit or loss. Gains and losses are recognized in profit or loss when the HTM financial assets are derecognized or impaired, as well as through the amortization process. The losses arising from impairment of such investments, if any, are recognized in profit or loss as “Provision for impairment and probable losses” under “General and administrative expenses” in the profit or loss.

The effects of translation of foreign currency-denominated HTM financial assets are recognized in profit or loss.

Where the Company sells other than an insignificant amount of HTM financial assets, the entire category would be tainted and reclassified as AFS financial assets and will be carried at fair value.

The Company’s HTM financial assets consist of government securities as at December 31, 2025 and 2024 (see Note 6).

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held-for-trading, nor designated as AFS or at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included under “Investment income” in profit or loss. The losses arising from impairment of such loans and receivables, if any, are recognized in “Provision for impairment losses” account in profit or loss.

Loans and receivables together with the associated allowance are written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If a write-off is later recovered, the recovery is recognized in profit or loss.

This accounting policy relates to the statement of financial position captions: (a) Cash and cash equivalents, (b) Insurance receivables, (c) Loans and receivables, (d) Accrued income and (e) Refundable lease and other deposits included under “Other assets”.

#### Offsetting of Financial Instruments

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. 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.



### Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *AFS financial assets carried at fair value*

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity instruments classified as AFS financial assets, objective evidence would include a 'significant or prolonged' decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized directly in OCI.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and other income.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of reversal recognized in profit or loss.

#### *Loans and receivables*

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.



If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Company. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

#### Derecognition of Financial Assets and Liabilities

##### *Financial assets*

Financial assets (or, where applicable, a part of a financial asset or part of a group of similar financial assets) are 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 obligation under the liability is discharged, cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Fair Values

The Company measures its available-for-sale financial assets at fair value at each reporting date. Also, the fair values of financial assets and other financial liabilities are disclosed in Note 25. 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company's management determines the policies and procedures for both recurring and non-recurring fair value measurement.

At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

#### Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance company for paid losses and other reinsurance expenses. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact



on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Premiums are presented on gross basis for ceded reinsurance.

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.

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

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit and loss in the financial period they are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal, at which time the cost of the asset and the related accumulated depreciation or amortization are removed from the accounts. Any gains or losses on disposals are determined by comparing the proceeds with the asset’s carrying amount and are recognized in profit or loss.

Property and equipment are depreciated and charged as expenses when the asset is available for its intended use. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets as follow:

	Years
Electronic data processing (EDP) equipment (laptops, desktops)	3-5
EDP equipment (servers, other hardware)	3-5
Office equipment	5
Furniture and fixtures	5
Transportation equipment	5

Leasehold improvements are amortized over the estimated useful life of 5 years or the term of the lease, whichever is shorter.

The assets’ residual values estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization 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 further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in profit or loss in the year the asset is derecognized.

#### Right-of-Use Assets

The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use 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 3 - 5 years for office spaces.

Right-of-use assets are subject to impairment. Refer to discussion in section of impairment of non-financial assets.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income.

Intangible assets with indefinite useful lives i.e., branch licenses are not amortized, but are tested for impairment annually or more frequently, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income when the asset is derecognized.

Intangible assets relating to computer software licenses (not an integral part of its related hardware), are capitalized at cost. These costs are amortized over their useful life of three to five years. Costs associated with maintaining computer software programs are recognized as expense when incurred.



Systems development in progress pertains to costs pertaining to software development where no amortization is recognized until the development is completed and the asset is placed into service.

Value of business acquired is amortized on a straight-line basis over 5 years which management estimated as the economic useful life the asset.

#### Pension

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

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

Retirement benefit expense comprise the following:

- Service cost; and
- Net interest on the net defined benefit liability or asset.

Service costs (which include current service costs, past service costs, and gains or losses on non-routine settlements) are recognized as expense in the statements of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net retirement benefit liability or asset is the change during the period in the net benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on risk free rates to the net defined pension liability or asset. Net interest on the net retirement benefit liability or asset is recognized as expense or income in the statements of income.

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

#### Goodwill

Goodwill is initially measured at cost being the excess of the acquisition cost over the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment testing is done by comparing the recoverable amount of each CGU (i.e., the higher between the fair value less costs to sell and value in use) with its' carrying amount. For the purpose of impairment testing, goodwill acquired is allocated to each of the cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether the acquired other assets or liabilities are assigned to those units.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash generating units) is less than the carrying amount of the cash generating unit (or group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.



Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

#### Insurance Contract Liabilities

##### *Life insurance contract liabilities*

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to the provisions of the Code and guidelines set by the IC.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities.

##### *Legal policy reserves*

Legal policy reserves are determined by the Company's actuary in accordance with the requirements of the Revised Code and represent the amounts which are required to discharge the obligations of the insurance contracts and to pay expenses related to the administration of those contracts. These reserves are determined using generally accepted actuarial practices and have been approved by the IC at the product approval stage.

The movement in "legal policy reserves" at each reporting period due to changes in discount rate and other assumptions are recognized in profit or loss under "Gross change in insurance contract liabilities" and in other comprehensive income (loss) under "Remeasurement (loss) gain on life insurance reserves".

##### *Traditional insurance contracts with a term of one year or less*

The liability is determined by calculating unearned portion of the written premiums for the year.

##### *Liability adequacy test*

Liability adequacy tests are performed quarterly to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

##### *Claims incurred but not yet reported*

This represents the amount at the end of a particular period which is an estimate of the sum of the individual claims that already occurred but on which the notice has not yet been received by the Company. This estimate takes into account any policy reserve liability set-up by the Company and any amount recoverable from reinsurers.

This account shall be measured using generally accepted actuarial principles and internationally accepted actuarial standards.

#### 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 the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### Share-based Payments

The Company accounts for share-based payment transactions in accordance with PFRS 2, *Share-based Payment*.

Share-based payment arrangements involving equity instruments of a parent entity granted to employees of the Company, and settled by the parent, are treated as equity-settled transactions in the Company's financial statements. The services received from employees are measured at the grant date fair value of the equity instruments granted and are recognized as an expense over the vesting period, with a corresponding credit to equity as a contribution from the parent.

In cases where share-based payment arrangements are modified, replaced, or cancelled, the Company accounts for such changes in accordance with PFRS 2. Where awards are cancelled or terminated, any unrecognized portion of the grant date fair value is recognized immediately in profit or loss. For modifications or replacement awards, any incremental fair value granted is recognized over the remaining vesting period.

#### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company concluded that it is acting as principal in all of its arrangements.

The Company's revenue streams arising from insurance contracts falls under PFRS 4, *Insurance Contracts* while investment income falls under PFRS 9, *Financial Instruments* and medical and other income under PFRS 15, *Revenue from Contracts with Customers*. The following specific criteria must also be met before revenue is recognized:

#### *Premium income*

Gross written premiums from group life insurance contracts comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognized on the date on which the policy commences.

Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.



Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 365<sup>th</sup> method.

Long-term coverage contract liabilities are calculated pursuant to IC CL No. 2016-66, *Valuation Standards on Life Insurance Policy Reserves*, where life insurance companies are required to change the valuation basis to GPV.

The provision for legal policy reserves is composed of unearned premiums and GPV reserves.

#### *Interest income*

Interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest method.

#### Benefits, Claims and Expenses Recognition

##### *Benefits and claims*

Life insurance benefits and claims include the cost of all claims arising during the year. Death claims are recorded on the basis of notifications received. Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

##### *Commission expense and other underwriting expenses*

Commissions are recognized when the insurance contracts are entered and the corresponding premiums are recognized.

#### Income Tax

##### *Final tax*

Final taxes on interest are presented in the statements of income at the time the related income is earned.

##### *Current income tax*

Current income 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 the amount are those that have been enacted or substantively enacted at the reporting date.

##### *Deferred income tax*

Deferred income tax is provided, using balance sheet liability method, on all temporary differences between the tax bases of deferred income tax assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, except when the temporary differences arise from initial recognition of an asset or a liability in a transaction that (1) is not a business combination; (2) at the time of the transaction, affects neither the accounting income nor taxable income; and (3) does not give rise to equal taxable and deductible temporary differences..

Deferred income tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, net operating loss carry-over (NOLCO), and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) can be utilized.

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



Deferred income 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 substantively enacted at the reporting date.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow all or part of the deferred income tax assets to be recovered.

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

#### 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.

#### Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial 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.

#### New Standards and Amendments to 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, 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 FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 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.

Based on the Company's assessment of its portfolio, which is predominantly composed of short-duration contracts subject to annual renewal, the Company expects to apply the Premium Allocation Approach (PAA) as its primary measurement model, as these contracts meet the eligibility criteria under PFRS 17. For contracts that do not qualify for PAA, the General Measurement Model (GMM) will be applied unless there are with direct participation features then the Variable Fee Approach (VFA) will be applied.

Following the acquisition by The Insular Life Assurance Company, Ltd. effective May 23, 2025 (see Note 1), the Company is aligning its PFRS 17 implementation with group-wide methodologies, assumptions, and governance. This includes ongoing refinement of key assumptions such as discount rates, risk adjustment, and grouping of contracts, as well as finalization of systems and transition approach.



As of the reporting date, the Company's implementation of PFRS 17 remains in progress. Accordingly, management is currently assessing the potential impact of the standard on the Company's financial position, financial performance, and disclosures. At this stage, the Company is not yet in a position to comprehensively quantify the financial effects of the adoption of PFRS 17.

The Company expects that adoption of PFRS 17 will result in changes in measurement, presentation of insurance revenue and expenses, and expanded disclosures.

- **PFRS 9, *Financial Instruments***

Starting 2018, the Company applies the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4 *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*. The temporary exemption permits the Company to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before 1 January 2027.

*Fair value disclosures*

The table below presents an analysis of the fair value of classes of financial assets of the Company as of December 31, 2025 and 2024, as well as the corresponding change in fair value for the year then ended. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest (SPPI), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and
- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

	2025				
	SPPI Financial Assets			Other Financial Assets	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change	
Cash and cash equivalents*	₱501,409,529	₱-	₱-	₱-	₱-
Insurance receivables:					
Premiums due and uncollected	507,483,515	-	-	-	-
Reinsurance recoverable on paid losses	478,641,664	-	-	-	-
Other reinsurance accounts receivable	69,319,625	-	-	-	-
Accrued income	29,397,815	-	-	-	-
AFS financial assets					
Debt securities	-	-	394,857,717	(172,328,421)	
Equity securities	-	-	3,100,000	2,300,000	
HTM financial assets					
Debt securities	1,795,243,613	7,853,389	-	-	
Loans and receivables	22,323,218	-	-	-	
	<b>₱3,403,818,979</b>	<b>₱7,853,389</b>	<b>₱397,957,717</b>	<b>(₱170,028,421)</b>	

\*excludes cash on hand

	2024				
	SPPI Financial Assets			Other Financial Assets	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change	
Cash and cash equivalents*	₱202,646,721	₱-	₱-	₱-	₱-
Insurance receivables:					
Premiums due and uncollected	642,714,943	-	-	-	-
Reinsurance recoverable on paid losses	128,652,302	-	-	-	-
Other reinsurance accounts receivable	13,548,279	-	-	-	-
Accrued income	32,226,050	-	-	-	-
AFS financial assets					
Debt securities	-	-	566,386,138	110,543,947	
Equity securities	-	-	800,000	-	
HTM financial assets					
Debt securities	2,054,463,465	-	-	-	
Loans and receivables	74,599,956	-	-	-	
	<b>₱3,148,851,716</b>	<b>₱-</b>	<b>₱567,186,138</b>	<b>₱110,543,947</b>	

\*excludes cash on hand



*Credit risk disclosures*

The following table shows the carrying amount of the SPPI assets in accordance with PAS 39 categories by credit risk rating grades reported to key management personnel. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment loss.

	2025							
	Total	Credit Rating						Unrated
		AAA	AA/A	BBB	BB/B			
Cash and cash equivalents*	₱501,409,529	₱-	₱-	₱501,409,529	₱-	₱-		
Insurance receivables:								
Premiums due and uncollected	650,873,574	-	-	-	-	-	650,873,574	
Reinsurance recoverable on paid losses	478,641,664	-	445,607,944	-	33,033,720	-	-	
Other reinsurance accounts receivable	69,319,626	-	67,658,980	-	1,660,646	-	-	
Accrued income	29,397,815	-	-	29,397,815	-	-	-	
AFS financial assets								
Debt securities	394,857,717	-	-	394,857,717	-	-	-	
Equity securities	3,100,000	-	-	-	-	-	3,100,000	
HTM financial assets								
Debt securities	1,787,390,224	-	-	1,787,390,224	-	-	-	
Loans and receivables	66,501,923	-	-	-	-	-	66,501,923	
	<b>₱3,981,492,072</b>	<b>₱-</b>	<b>₱513,266,924</b>	<b>₱2,713,055,285</b>	<b>₱34,694,366</b>	<b>₱720,475,497</b>		

\*excludes cash on hand

	2024							
	Total	Credit Rating						Unrated
		AAA	AA/A	BBB	BB/B			
Cash and cash equivalents*	₱202,646,721	₱-	₱-	₱202,646,721	₱-	₱-		
Insurance receivables:								
Premiums due and uncollected	691,059,589	-	-	-	-	-	691,059,589	
Reinsurance recoverable on paid losses	128,652,302	-	112,857,510	-	15,794,792	-	-	
Other reinsurance accounts receivable	13,548,279	-	12,241,702	-	1,306,577	-	-	
Accrued income	32,226,050	-	-	32,226,050	-	-	-	
AFS financial assets								
Debt securities	566,386,138	-	-	566,386,138	-	-	-	
Equity securities	800,000	-	-	-	-	-	800,000	
HTM financial assets								
Debt securities	2,054,463,465	-	-	2,054,463,465	-	-	-	
Loans and receivables	74,599,956	-	-	-	-	-	74,599,956	
	<b>₱3,764,382,500</b>	<b>₱-</b>	<b>₱125,099,212</b>	<b>₱2,855,722,374</b>	<b>₱17,101,369</b>	<b>₱766,459,545</b>		

\*excludes cash on hand

- PFRS 18, *Presentation and Disclosure in Financial Statements*

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

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

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS Accounting Standards.

In 2025, PFRS 19 was amended to provide reduced disclosure requirements for new or amended PFRS Accounting Standards adopted by the FRSB from the issuances of the IASB between February 2021 and May 2024.



The application of the standard is optional for eligible entities.

- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

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

*Deferred effectivity*

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the FSRSC deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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### 3. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

#### *Classification of financial instruments*

The Company classifies a financial instrument depending on the purpose for which the financial instrument was acquired or originated. Management determines the classification of its financial instrument at initial recognition and, where allowed and appropriate, re-evaluates this classification at the end of each reporting date.

In addition, the Company classifies financial instruments by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial instrument is quoted in an active market is the determination on whether prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.



The classification of the Company's financial instruments by categories are presented under Note 6.

*Product classification*

The Company has determined that the group insurance policies have significant insurance risk and, therefore meet the definition of an insurance contract and should be accounted for as such.

*Liability adequacy test*

The Company evaluates the adequacy of its insurance contract liabilities at least quarterly. Significant judgment is exercised in determining the level of aggregation at which liability adequacy testing is performed and in selecting best estimate assumptions. Liability adequacy is assessed on a portfolio of contracts in accordance with the Company's manner of acquiring, servicing and measuring the profitability of its insurance contracts.

The judgments exercised in liability adequacy testing affect amounts recognized in the financial statements such as commission and other acquisition related expenses, insurance contract benefits and liabilities.

*Leases - determination of lease term of contracts with renewal and termination options - Company as a lessee*

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The renewal options for the existing leases are not included as part of the lease term because the renewal is subject to mutual agreement of both the lessor and the Company. Furthermore, the periods covered by termination options are included as part of the lease term since they are reasonably certain not to be exercised.

*Provisions*

The estimate of probable costs for the resolution of possible claims has been developed in consultation with legal counsels handling the Company's defense in these matters and is based upon an analysis of potential results. The Company recognized provision for probable losses arising from tax contingencies in different taxable years. Disclosure on additional details beyond the present disclosures may seriously prejudice the Company's position and strategy. Thus, as allowed by Philippine Accounting Standard (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets*, only general descriptions were provided.

Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the carrying amounts of assets and liabilities in the next financial year is as follows:



*Claims liability arising from insurance contracts*

The estimation of the ultimate liability arising from claims made under life insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims. The liability for life insurance contracts are based on assumptions established at the inception of the contract.

At each reporting date, the estimates are determined by calculating the unearned portion of the gross premiums written for the year and the gross premium reserves of all in-force long-term policies as at the reporting date.

Incurred but not reported (IBNR) medical claims, specifically the medical reimbursements, is computed based on chain ladder method, an actuarial reserving loss technique while IBNR for life claims is computed based on percentage of earned premium. Reserving technique for single premium credit life is based on GPV. Total IBNR net of reinsurers' share amounted to ₱218.13 million and ₱100.72 million as at December 31, 2025 and 2024, respectively (see Note 11).

*Estimating the incremental borrowing rate - Company as lessee*

Discount rate used to measure lease liabilities at the present value of the contractual payments due to the lessor over the lease term is determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. In estimating the incremental borrowing, the Company considers different factors such as risk-free interest rate, credit risk, credit spread, term and security (if any). Subsequent to initial measurement, lease liabilities increase as a result of interest charged using the same discount rate on the balance outstanding and are reduced for lease payments made.

The Company's lease liabilities amounted to ₱15.43 million and ₱26.05 million as at December 31, 2025 and 2024, respectively (see Note 24).

*Reinsurance assumptions and methods*

The Company limits its exposure to loss within insurance operation through participation in reinsurance arrangements. Amounts receivable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented under Insurance Receivables. Even though the Company may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and, thus, a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The gross carrying values of the legal policy reserves, shown as part of "Insurance contract liabilities", amounted to ₱1,043.28 million and ₱633.41 million as at December 31, 2025 and 2024 respectively (see Note 11).

*Impairment of financial assets*

The Company reviews its insurance receivables, loans and receivables and held-to-maturity (HTM) financial assets at each end of the reporting period to assess whether an allowance for impairment losses should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.



The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to age of balances, financial status of counterparties, payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis.

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 net income.

The allowance for impairment losses recognized as at December 31, 2025 and 2024 amounted to ₱187.57 million and ₱87.71 million, respectively (see Notes 5 and 6).

#### *Investments carried at fair value*

The Company considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share/market price.

In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

#### *Estimated useful lives of Property and equipment and Intangible assets*

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

The depreciable amount of value of business acquired (VOBA) intangible asset shall be allocated on a systematic basis over its useful life of five (5) years. On the other hand, software (not an integral part of its related hardware) which is included as part of intangible assets, is capitalized at cost and amortized over its estimated useful life of five (5) years.

As at December 31, 2025 and 2024, the carrying value of property and equipment (including right-of-use (ROU) assets) amounted to ₱32.02 million and ₱42.00 million, respectively (see Note 8) and the carrying value of intangible assets (excluding goodwill) amounted to ₱69.23 million and ₱128.91 million, respectively (see Note 9).

#### *Impairment testing of Non-financial assets*

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset. The value in use calculation is based on a discounted cash flows (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.



The Company determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the CGU to which goodwill is allocated. In 2025, the Company determined that the goodwill amounting to ₱23.35 million is no longer recoverable given that 100% impairment of goodwill was recognized as a result of the sale of the Company to The Insular Life Assurance Company, Ltd. (see Note 9). On February 13, 2026, the Board of Directors of the Company approved the write-off of said goodwill.

#### *Valuation of Pension Obligation*

The determination of pension obligation and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, salary increase rate, mortality rate, disability rate and turnover rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

The cost of defined benefit and defined contribution plans and the present value of the corresponding pension obligation is 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 (DBO) 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 interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the DBO. The mortality rate is based on publicly available mortality tables and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

As at December 31, 2025 and 2024, the Company ₱0.03 million net pension asset and ₱0.87 million net pension liability, respectively. Further details about the assumptions used are provided in Note 14.

#### *Realizability of deferred tax assets*

Deferred income tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

Deferred tax assets amounted to ₱16.48 million and ₱42.74 million as at December 31, 2025 and 2024, respectively (see Note 22).

As at December 31, 2025 and 2024, the Company has unrecognized deferred tax assets amounting to ₱359.20 million and ₱223.89 million, respectively, as it does not expect to generate sufficient taxable income from which said tax assets may be utilized (see Note 22).



### *Contingencies*

The Company is currently involved in various legal proceedings carried over from its non-life insurance business. The estimate of the probable costs for the resolution of these claims are minimal. The Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position. It is possible, however, that the results of operations could be affected by changes in these estimates.

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## 4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash in banks (Note 25)	<b>₱383,392,528</b>	₱63,522,721
Cash equivalents (Note 25)	<b>118,017,000</b>	139,124,000
Cash on hand	<b>30,001</b>	30,000
	<b>₱501,439,529</b>	₱202,676,721

Cash equivalents are made for varying periods of up to three (3) months or less depending on the immediate cash requirements of the Company, and earn interest ranging from 2.3% to 5.3% and 3.5% to 5.0% in 2025 and 2024, respectively (see Note 25).

Cash in banks earn interest at the respective banks' deposit rates.

Interest income on cash and cash equivalents amounted to ₱5.59 million and ₱13.18 million in 2025 and 2024, respectively (see Note 17).

Accrued interest income on cash and cash equivalents amounted to ₱0.16 million and ₱0.21 million in 2025 and 2024, respectively (see Note 7).

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## 5. Insurance Receivables

This account consists of:

	2025	2024
Premiums due and uncollected (Note 25)	<b>₱650,873,574</b>	₱691,059,589
Reinsurance recoverable on paid losses (Note 25)	<b>478,641,664</b>	128,652,302
Other reinsurance accounts receivable (Note 25)	<b>69,319,626</b>	13,548,279
	<b>1,198,834,864</b>	833,260,170
Less allowance for impairment losses	<b>(143,390,060)</b>	(48,344,647)
	<b>₱1,055,444,804</b>	₱784,915,523

Premiums due and uncollected pertain to premiums receivable net of loadings from policyholders. Increase in loadings for receivables amounted to ₱2.07 million and ₱34.83 million in 2025 and 2024, respectively.

Reinsurance recoverable on paid losses pertains to amounts recoverable from the reinsurers in respect of claims paid by the Company.

Other reinsurance accounts receivable pertains to amounts recoverable from the reinsurers in respect of commission, taxes and other expenses by the Company.



In 2025, reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, reinsurance recoverable on unpaid but reported losses previously classified under 'Insurance Payables' amounting to ₱13.55 million has been reclassified to 'Insurance Receivables'.

The movements in allowance for impairment losses on insurance receivables are as follows:

	2025	2024
Balance at beginning of year	₱48,344,647	₱66,617,763
Provision during the year (Note 21)	96,110,846	–
Write-off during the year (Note 21)	(1,065,433)	(18,273,116)
Balance at end of year	<b>₱143,390,060</b>	₱48,344,647
Individually impaired	₱–	₱–
Collectively impaired	143,390,060	48,344,647
Total	<b>₱143,390,060</b>	₱48,344,647

The Company also recognized a credit memo write-off amounting to ₱8.05 million, which was charged to Other Expenses (see Note 21).

The Company determines its allowance for impairment losses on insurance receivables based on collective assessment and specific assessment. Following an agreement with Assicurazioni Generali S.p.A. that reinsurance premium remittances shall be based on reinsurers' share on collected premiums net of paid losses, reinsurance recoverable on paid losses and other reinsurance accounts receivable were not provided with allowance for impairment loss.

## 6. Financial Assets

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

	2025	2024
AFS financial assets	₱397,957,717	₱567,186,138
HTM financial assets	1,787,390,224	2,054,463,465
Loans and receivables	22,323,218	74,599,956
	<b>₱2,207,671,159</b>	₱2,696,249,559

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

### *AFS financial assets*

The Company's AFS financial assets consist of the following categories carried at fair value except for the unquoted equity securities which are carried at cost:

	2025	2024
Government securities	₱302,118,442	₱445,322,070
Corporate bonds	92,739,275	120,993,068
Club shares	3,100,000	800,000
Unquoted equity securities	–	71,000
	<b>₱397,957,717</b>	₱567,186,138

The AFS financial assets earn interest at 3.60% to 6.89% and 3.60% to 6.88% in 2025 and 2024, respectively. Interest income earned on AFS financial assets amounted to ₱29.01 million and ₱25.84 million in 2025 and 2024, respectively (see Note 17).



Accrued interest income on AFS financial assets amounted to ₱23.71 million and ₱25.0 million as at December 31, 2025 and 2024, respectively (see Note 7).

The Company's unquoted equity securities pertain to preferred shares of PLDT Inc. amounting to ₱71,000, which were derecognized as of December 31, 2025, together with the related accrued dividend income of ₱24,850 (see Note 21).

The realized losses arising from disposals of AFS debt financial assets amounted to ₱0.87 million and NIL million in 2025 and 2024, respectively (see Note 17).

The rollforward of unrealized loss on AFS financial assets follows:

	2025	2024
Balance at beginning of year	(₱16,981,849)	(₱23,464,860)
Changes in fair value of AFS financial assets during the year	15,372,059	6,483,011
<b>Balance at end of year</b>	<b>(₱1,609,790)</b>	<b>(₱16,981,849)</b>

#### *HTM financial assets*

This category consists of fixed interest rate government securities with original maturities of more than five (5) years deposited with the Philippine Bureau of Treasury in accordance with the provisions of R.A. No. 10607, *Insurance Code, As Amended* (the Revised Code) as security for the benefit of its policyholders and creditors.

The HTM financial assets earned interest at weighted average rate of 5.65% and 5.29% in 2025 and 2024, respectively. Interest income earned on HTM financial assets amounted to ₱100.74 million and ₱115.98 million in 2025 and 2024, respectively (see Note 17).

Accrued interest income on HTM financial assets is ₱25.53 million and ₱27.02 million as at December 31, 2025 and 2024, respectively (see Note 7).

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

	2025		
	AFS financial assets	HTM financial assets	Total
Balance at beginning of year	₱567,186,138	₱2,054,463,465	₱2,621,649,603
Acquisitions during the year	3,508,400	50,188,674	53,697,074
Maturities during the year	-	(321,512,808)	(321,512,808)
Reversal of unrealized appreciation (URA) from classification from AFS to HTM	-	6,294,775	6,294,775
Derecognition of unquoted equity securities	(71,000)	-	(71,000)
Disposal of AFS financial asset securities	(189,521,789)	-	(189,521,789)
Fair value gain	12,103,045	-	12,103,045
Loss on sale of AFS financial assets	(874,538)	-	(874,538)
Amortization of bond discount (premium)	5,627,461	(2,043,882)	3,583,579
<b>Balance at end of year (Note 25)</b>	<b>₱397,957,717</b>	<b>₱1,787,390,224</b>	<b>₱2,185,347,941</b>

	2024		
	AFS financial assets	HTM financial assets	Total
Balance at beginning of year	₱456,713,190	₱2,412,053,452	₱2,868,766,642
Acquisitions during the year	110,960,950	-	110,960,950
Maturities during the year	-	(361,051,350)	(361,051,350)
Reversal of unrealized appreciation (URA) from classification from AFS to HTM	(6,294,775)	5,110,885	(1,183,890)
Fair value gain	8,124,277	-	8,124,277
Amortization of bond premium	(2,317,504)	(1,649,522)	(3,967,026)
<b>Balance at end of year (Note 25)</b>	<b>₱567,186,138</b>	<b>₱2,054,463,465</b>	<b>₱2,621,649,603</b>



*Loans and receivables*

	2025	2024
Due from policyholders (Note 25)	<b>₱63,846,353</b>	₱107,369,688
Due from employees (Note 25)	<b>2,655,570</b>	5,889,789
Due from Generali Vietnam Life Insurance Limited Liability Company (Note 23)	–	600,000
Due from Generali Asia International - Asia Regional Office - Hong Kong (Note 23)	–	105,068
	<b>66,501,923</b>	113,964,545
Less: allowance for impairment losses	<b>(44,178,705)</b>	(39,364,589)
	<b>₱22,323,218</b>	₱74,599,956

Due from policyholders pertains to fees billed to policyholders for the use of medical cards, collectible amounts paid by the Company in excess of the policyholder's maximum medical benefits, and retainer's fee for services provided by medical practitioners.

Due from employees pertains to advances given to employees for business expenses that are anticipated to be incurred by the employee or officer on behalf of the Company and the remaining are receivables from employees for their group health benefits and multi-purpose loans.

Due from Generali Vietnam Life Insurance Limited Liability Company pertains to the salary and agreed secondment benefits of one (1) employee deployed in Generali Vietnam in 2022.

Due from Generali Asia International - Asia Regional Office - Hong Kong pertains to travel reimbursements.

The rollforward of allowance for doubtful accounts on loans and receivables follows:

	2025	2024
Balance at beginning of year	<b>₱39,364,589</b>	₱35,718,128
Provision during the year (Note 21)	<b>5,371,005</b>	3,646,461
Write off during the year	<b>(556,889)</b>	–
Balance at end of year	<b>₱44,178,705</b>	₱39,364,589
Individually impaired	<b>₱–</b>	₱–
Collectively impaired	<b>44,178,705</b>	39,364,589
	<b>₱44,178,705</b>	₱39,364,589

The Company recognized a credit memo write-off pertaining to Due from policyholders amounting to ₱43,818, which was charged to Other Expenses (see Note 21).

## 7. Accrued Income

This account consists of interest and dividend income accrued on the following:

	2025	2024
HTM financial assets (Note 6)	<b>₱25,528,666</b>	₱27,017,398
AFS financial assets (Note 6)	<b>3,707,165</b>	4,997,470
Cash and cash equivalents (Note 4)	<b>161,984</b>	211,182
	<b>₱29,397,815</b>	₱32,226,050



## 8. Property and Equipment

The movements in this account are as follows:

	For the Year Ended 2025							
	Electronic Data Processing Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Right-of-Use Assets	Construction-in-Progress	Transportation Equipment	Total
<b>Cost</b>								
Balance at beginning of year	₱95,427,698	₱1,777,174	₱4,300,112	₱34,102,636	₱62,941,155	₱-	₱1,438,000	₱199,986,775
Additions	12,047,750	-	-	-	-	-	-	12,047,750
Disposals	(8,992,289)	(702,812)	-	-	(29,271,933)	-	(1,438,000)	(40,405,034)
<b>Balance at end of year</b>	<b>98,483,159</b>	<b>1,074,362</b>	<b>4,300,112</b>	<b>34,102,636</b>	<b>33,669,222</b>	<b>-</b>	<b>-</b>	<b>171,629,491</b>
<b>Accumulated Depreciation</b>								
Balance at beginning of year	80,955,429	1,668,059	3,976,840	32,751,860	38,268,622	-	377,180	157,997,990
Depreciation (Note 21)	8,979,941	47,552	182,973	862,193	10,878,091	-	245,953	21,196,703
Disposals	(8,992,289)	(702,812)	-	-	(29,271,933)	-	(623,133)	(39,590,167)
<b>Balance at end of year</b>	<b>80,943,081</b>	<b>1,012,799</b>	<b>4,159,813</b>	<b>33,614,053</b>	<b>19,874,780</b>	<b>-</b>	<b>-</b>	<b>139,604,526</b>
<b>Carrying Amount</b>	<b>₱17,540,078</b>	<b>₱61,563</b>	<b>₱140,299</b>	<b>₱488,583</b>	<b>₱13,794,442</b>	<b>₱-</b>	<b>₱-</b>	<b>₱32,024,965</b>

  

	For the Year Ended 2024							
	Electronic Data Processing Equipment	Office Equipment	Furniture and Fixtures	Leasehold Improvements	Right-of-Use Assets	Construction-in-Progress	Transportation Equipment	Total
<b>Cost</b>								
Balance at beginning of year	₱88,991,127	₱1,656,885	₱3,992,597	₱34,102,636	₱34,056,893	₱157,500	₱1,438,000	₱164,395,638
Additions	6,640,347	120,289	307,515	-	28,884,261	-	-	35,952,412
Disposals	(203,775)	-	-	-	-	(157,500)	-	(361,275)
<b>Balance at end of year</b>	<b>95,427,699</b>	<b>1,777,174</b>	<b>4,300,112</b>	<b>34,102,636</b>	<b>62,941,154</b>	<b>-</b>	<b>1,438,000</b>	<b>199,986,775</b>
<b>Accumulated Depreciation</b>								
Balance at beginning of year	72,422,458	1,636,544	3,785,832	31,662,906	27,741,053	-	94,295	137,343,088
Depreciation (Note 21)	8,532,971	31,515	191,008	1,088,954	10,527,569	-	282,885	20,654,902
Balance at end of year	80,955,429	1,668,059	3,976,840	32,751,860	38,268,622	-	377,180	157,997,990
<b>Carrying Amount</b>	<b>₱14,472,270</b>	<b>₱109,115</b>	<b>₱323,272</b>	<b>₱1,350,776</b>	<b>₱24,672,532</b>	<b>₱-</b>	<b>₱1,060,820</b>	<b>₱41,988,785</b>

There were no property, plant and equipment pledged as collateral as at December 31, 2025 and 2024. Fully depreciated PPE amounting to ₱101.49 million are still in use as of December 31, 2025.



## 9. Intangible Assets

The movements in this account are as follows:

	2025				
	Goodwill	VOBA	Computer Software	Systems Development in Progress	Total
<b>Cost</b>					
Balance at beginning of year	₱23,353,142	₱25,400,000	₱229,942,387	₱1,767,360	₱280,462,889
Additions	-	-	5,471,139	2,529,498	8,000,637
Disposals	-	-	(5,726,038)	-	(5,726,038)
Write-off	(23,353,142)	-	-	-	(23,353,142)
<b>Balance at end of year</b>	-	25,400,000	229,687,488	4,296,858	259,384,346
<b>Accumulated Amortization</b>					
Balance at beginning of year	-	25,400,000	126,148,355	-	151,548,355
Disposals	-	-	(3,344,170)	-	(3,344,170)
Amortization (Note 21)	-	-	41,946,795	-	41,946,795
Provision for impairment (Note 21)	23,353,142	-	-	-	23,353,142
Write-off	(23,353,142)	-	-	-	(23,353,142)
<b>Balance at end of year</b>	-	25,400,000	164,750,980	-	190,150,980
<b>Carrying Amount</b>	₱-	₱-	₱64,936,508	₱4,296,858	₱69,233,366

  

	2024				
	Goodwill	VOBA	Computer Software	Systems Development in Progress	Total
<b>Cost</b>					
Balance at beginning of year	₱23,353,142	₱25,400,000	₱206,000,132	₱-	₱254,753,274
Additions	-	-	23,942,255	1,767,360	25,709,615
Balance at end of year	23,353,142	25,400,000	229,942,387	1,767,360	280,462,889
<b>Accumulated Amortization</b>					
Balance at beginning of year	-	25,400,000	87,117,044	-	112,517,044
Amortization (Note 21)	-	-	39,031,311	-	39,031,311
Balance at end of year	-	25,400,000	126,148,355	-	151,548,355
<b>Carrying Amount</b>	₱23,353,142	₱-	₱103,794,032	₱1,767,360	₱128,914,534



*Goodwill*

Goodwill arising from the business combination executed by the Company on June 30, 2016 was allocated to the Group Life insurance cash-generating unit (CGU). In connection with the transaction, the Company absorbed certain sales and operations employees and assumed employee benefit obligations amounting to ₱40.84 million, which included retirement liabilities of ₱38.90 million. Of the assumed retirement liabilities, ₱17.48 million was reinvested in cash to the retirement fund. The resulting goodwill of ₱23.35 million represented expected future synergies from new distribution channels and customers, as well as the value of the assembled workforce and other future economic benefits not separately recognized as part of the identifiable net assets acquired.

In 2025, the Company recognized full impairment loss on the goodwill amounting to ₱23.35 million as the Company determined that it will no longer expect to generate future economic benefits (see Note 21). On February 13, 2026, the Board of Directors of the Company approved the write-off of said goodwill.

*Value of Business Acquired*

VOBA was acquired as a result of the business combination. The Company assumed the identifiable assets and liabilities of the group insurance portfolio transferred by BDO Life with fair values as at the acquisition date amounting to ₱685.32 million and ₱880.52 million for total cash consideration of ₱169.80 million. VOBA intangible asset of ₱25.40 million represent the difference in the fair values of net assets assumed and the cash consideration received.

VOBA is amortized on a straight-line basis over 5 years which management estimated as the economic useful life of the asset. As at December 31, 2025, VOBA has been fully amortized and management has determined that there are no impairment indicators in respect of this intangible asset.

*Systems Development in Progress*

Systems development in progress refers to costs pertaining to software development where no amortization is recognized until the development is completed and the asset is placed into service.

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**10. Other Assets**

This account consists of:

	2025	2024
Creditable withholding taxes (CWT)	<b>₱203,047,684</b>	₱142,531,428
Prepayments	<b>38,231,194</b>	32,220,432
Hospital deposits (Note 25)	<b>14,789,422</b>	14,769,795
Rental deposits (Note 25)	<b>3,359,551</b>	2,925,815
Claims fund (Note 25)	<b>1,300,000</b>	1,758,816
Miscellaneous	<b>587,340</b>	711,378
	<b>₱261,315,191</b>	₱194,917,664
Less: Allowance for impairment losses - CWT	<b>(9,407,021)</b>	-
	<b>₱251,908,170</b>	₱194,917,664



As of December 31, 2025, the rollforward of allowance for impairment losses on CWT as follows:

Balance at beginning of year	₱-
Provision during the year (Note 21)	9,407,021
<b>Balance at end of year</b>	<b>₱9,407,021</b>
Individually impaired	₱9,407,021
Collectively impaired	-
	<b>₱9,407,021</b>

CWTs are the taxes withheld on certain income payments and are available for offset against income tax due in subsequent years.

Prepayments include advance payments for rent and software subscription license.

Hospital deposits consist of amounts paid by the Company to hospital network providers in compliance with certain group insurance policy contracts. These deposits will be recovered upon termination of the policy contracts and after all claims and benefits accruing to the contracts have been settled.

Rental deposits pertain to security deposits for the Company's lease agreements for its head office and branch offices.

Claims fund pertains to an agreed security deposit held by our client to guaranty complete settlement of claims during the duration of the policy contract. The claims fund is due and refundable to the Company at the end of the policy contract and all pending claims have been settled.

The Company's investment in security fund amounting to P311,907 lodged under "Miscellaneous" was fully provided with an allowance and subsequently written off following Board approval dated February 13, 2026 (see Note 21)

## 11. Insurance Contract Liabilities

Insurance contract liabilities and reinsurer's share of liabilities are analyzed as follows:

	2025			2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Provision for claims reported	₱961,339,106	₱108,454,372	₱852,884,734	₱947,866,465	₱93,469,691	₱854,396,774
Provision for IBNR	243,938,452	25,810,647	218,127,805	118,678,427	17,959,183	100,719,244
Total claims reported and IBNR	1,205,277,558	134,265,019	1,071,012,539	1,066,544,892	111,428,874	955,116,018
Legal policy reserves	1,043,276,701	78,648,648	964,628,053	633,406,344	88,459,016	544,947,328
<b>Total Insurance Contract Liabilities</b>	<b>₱2,248,554,259</b>	<b>₱212,913,667</b>	<b>₱2,035,640,592</b>	<b>₱1,699,951,236</b>	<b>₱199,887,890</b>	<b>₱1,500,063,346</b>

Provisions for claims reported and IBNR may be analyzed as follows:

	2025			2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Balance at beginning of year	₱1,066,544,892	₱111,428,874	₱955,116,018	₱949,073,573	₱201,070,708	₱748,002,865
Claims incurred/adjusted during the year	3,076,698,920	467,923,211	2,608,775,709	2,400,794,466	159,719,911	2,241,074,555
Increase in IBNR	125,260,025	7,851,465	117,408,560	(13,395,572)	(2,822,426)	(10,573,146)
Total claims reported and IBNR	4,268,503,837	587,203,550	3,681,300,287	3,336,472,467	357,968,193	2,978,504,274
Claims paid during the year	(3,063,226,279)	(452,938,531)	(2,610,287,748)	(2,269,927,575)	(246,539,319)	(2,023,388,256)
<b>Balance at end of year</b>	<b>₱1,205,277,558</b>	<b>₱134,265,019</b>	<b>₱1,071,012,539</b>	<b>₱1,066,544,892</b>	<b>₱111,428,874</b>	<b>₱955,116,018</b>



The movements in legal policy reserves are as follows:

	2025			2024		
	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Balance at beginning of year	₱633,406,344	₱88,459,016	₱544,947,328	₱642,963,817	₱121,839,244	₱521,124,573
Due to change in discount rates	314,313	-	314,313	(211,456)	-	(211,456)
Due to change in policies and assumptions	409,556,044	(9,810,368)	419,366,412	(9,346,017)	(33,380,228)	24,034,211
Balance at end of year	₱1,043,276,701	₱78,648,648	₱964,628,053	₱633,406,344	₱88,459,016	₱544,947,328

Movement of cumulative remeasurement effect recognized in other comprehensive income (OCI):

	2025	2024
Balance at beginning of year	(₱11,960,002)	(₱12,171,458)
Remeasurement gain (loss) on life insurance reserves	(314,313)	211,456
Balance at end of year	(12,274,315)	(11,960,002)
Tax effect (Note 22)	3,068,578	2,990,000
	(₱9,205,737)	(₱8,970,002)

In 2025, reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, reinsurer's share of liabilities previously classified under 'Reinsurance Assets' amounting to ₱199.89 million has been reclassified to 'Insurance Contract Liabilities'.

The key assumptions for the legal policy reserves calculation are as follow:

- Mortality Table: Based on the latest mortality experience
- Lapse Rates: Based on the refinance study using data through March 31, 2021

First Year	Second Year	Third Year
5%	10%	5%

- Discount Rate: Based on duration-match peso denominated spot rates prescribed by the IC.

#### Sensitivities

The analysis below is performed for a reasonable possible movement in key assumptions, related to mortality and discount rate, with all other assumptions held constant, on the statements of comprehensive income and changes in equity. 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, assumption changes had to be done on an individual basis.

The assumption that has the greatest effect on the statements of financial position, statements of comprehensive income and statements of changes in equity is the change in discount rates.

2025	Change in Assumptions	Increase/ (Decrease) in Liabilities
Mortality	10.00%	1,451,172
	-10.00%	(1,451,287)
Lapse rate	10.00%	2,645
	-10.00%	(2,577)
Discount rate	1.00%	(8,764)
	-1.00%	8,775



2024	Change in Assumptions	Increase/ (Decrease) in Liabilities
Mortality	10.00%	₱4,004,467
	-10.00%	(4,007,715)
Lapse rate	10.00%	45,488
	-10.00%	(45,545)
Discount rate	1.00%	(421,902)
	-1.00%	421,902

## 12. Insurance Payables

This account represents unpaid reinsurance premiums by the Company to reinsurers amounting to ₱810.0 million and ₱487.89 million as at December 31, 2025 and 2024, respectively (see Note 25).

## 13. Accounts Payable and Accrued Expenses

This account consists of:

	2025	2024
Provision for probable losses (Note 25)	<b>₱250,000,000</b>	₱48,007,413
Accrued expenses (Note 25)	<b>113,546,968</b>	86,283,698
Unallocated collections from policyholders	<b>84,227,305</b>	40,597,935
Accounts payable (Note 25)	<b>52,398,851</b>	116,852,908
Taxes payable	<b>35,898,399</b>	28,542,761
Trust fees payable (Note 25)	<b>1,013,860</b>	1,307,492
Other payables	<b>21,145,823</b>	18,914,141
	<b>₱558,231,206</b>	₱340,506,348

Provision for probable losses pertain to accrual relating to assessments issued by the relevant regulatory bodies. These assessments are currently undergoing administrative validation and review. Based on management's assessment of the facts and circumstances as of reporting date, the Company has recognized an accrual representing its best estimate of the probable obligation. The ultimate resolution of these matters may differ from the amounts currently provided.

Accrued expenses include accruals for audit, legal fees, rent, utilities and other expenses necessary to carry out the operations of the Company. These are normally settled within one year.

Unallocated collections pertain to payments from policyholders which have not been allocated to specific invoices.

Accounts payable pertain to unpaid purchases of goods and services from supplier.

Taxes payable include taxes withheld from staff and agents, fringe benefits taxes, expanded withholding taxes, and premium taxes which are remitted subsequent to the reporting date.

Trust fees payable pertain to fees payable to the Company's trustee bank.



Other payables include payments due to Philippine Health Insurance Corporation, Social Security System and Home Development Mutual Fund which are to be remitted the following month.

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

The Company has a trustee defined benefit plan and a non-contributory defined contribution plan, covering substantially all of its employees, which requires contribution to be made to administered funds.

The most recent actuarial valuation was carried out for the retirement plan of the Company as at December 31, 2025.

The following table shows reconciliation from the opening balances to the closing balances for net pension liability and its components.

	DBO		FVPA		Net Pension (Asset) Liability	
	2025	2024	2025	2024	2025	2024
Balance at January 1	<b>₱64,740,614</b>	₱52,990,340	<b>(₱63,871,372)</b>	(₱52,226,446)	<b>₱869,242</b>	₱763,894
<b>Included in Profit or Loss</b>						
Current service cost	<b>11,862,458</b>	12,315,702	–	–	<b>11,862,458</b>	12,315,702
Interest cost (income)	<b>3,942,703</b>	3,243,009	<b>(4,171,807)</b>	(3,474,495)	<b>(229,104)</b>	(231,486)
	<b>15,805,161</b>	15,558,711	<b>(4,171,807)</b>	(3,474,495)	<b>11,633,354</b>	12,084,216
<b>Included in OCI</b>						
Remeasurements (gains) losses:						
Actuarial (gain) loss arising from:						
Return on plan assets, excluding interest income	–	–	<b>(1,156,407)</b>	922,271	<b>(1,156,407)</b>	922,271
Experience adjustment	<b>3,236,527</b>	(509,737)	–	–	<b>3,236,527</b>	(509,737)
Financial assumption	<b>(486,383)</b>	46,492	–	–	<b>(486,383)</b>	46,492
	<b>2,750,144</b>	(463,245)	<b>(1,156,407)</b>	922,271	<b>1,593,737</b>	459,026
<b>Others</b>						
Benefits payments	<b>(4,867,117)</b>	(3,345,192)	<b>4,867,117</b>	3,345,192	–	–
Contributions to plan assets	–	–	<b>(14,129,538)</b>	(12,437,894)	<b>(14,129,538)</b>	(12,437,894)
	<b>(4,867,117)</b>	(3,345,192)	<b>(9,262,421)</b>	(9,092,702)	<b>(14,129,538)</b>	(12,437,894)
<b>Balance at December 31</b>	<b>₱78,428,802</b>	₱64,740,614	<b>(₱78,462,007)</b>	(₱63,871,372)	<b>(₱33,205)</b>	₱869,242

The Company's pension expense are summarized as follows:

	2025	2024
Pension expense (benefit):		
Defined benefit plan	<b>₱11,862,458</b>	₱12,315,702
Defined contribution plan	<b>(229,104)</b>	(231,486)
	<b>₱11,633,354</b>	₱12,084,216

The Company's plan assets consist of the following:

	2025	2024
Government securities	<b>₱57,822,333</b>	₱35,372,716
Other securities and debt instruments	<b>10,623,910</b>	2,749,468
Equity investments	<b>5,548,213</b>	26,847,401
Cash and cash equivalents	<b>5,368,782</b>	694,194
Other receivables	<b>744,136</b>	501,112
Accounts payable	<b>(1,645,367)</b>	(2,293,519)
	<b>₱78,462,007</b>	₱63,871,372



The Company expects to contribute ₱14.40 million to the plan assets in 2026.

The expected return on plan assets is determined by considering the expected return available on the assets underlying the current investment policy. Expected yields on fixed income investments are based on gross redemption yields as at reporting dates.

The principal assumptions used in determining the Defined Benefit Obligation (DBO) for 2025 and 2024 is the Accrued Benefit Actuarial Cost Method (Projected Unit Credit) as follows:

	2025	2024
Discount rate	6.41%	6.09%
Salary increase rate	5.00%	5.00%
Expected average remaining working lifetime	23 years	24 years

Other principal assumptions used in determining the DBO for the Company which remain unchanged in 2025 and 2024 are as follows:

Mortality rate	2017 Philippine Intercompany Mortality Table
Disability rate	The Disability Study, Period 2 Benefit 5

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the DBO, assuming all other assumptions were held constant:

	Increase (Decrease) in Rates	Increase (Decrease) in Present Value of DBO	
		2025	2024
Discount rate	1.00% (1.00%)	(₱1,247,672) 1,699,720	(₱1,373,732) 1,923,949
Salary increase rate	1.00% (1.00%)	1,704,360 (1,261,796)	1,918,860 (1,392,324)

The maturity analysis of the undiscounted benefit payments as at December 31, 2025 and 2024 follows:

	2025	2024
Within one year	₱20,639,727	₱15,087,309
More than 1 year to 2 years	1,837,933	4,036,911
More than 2 years to 3 years	17,432,559	1,833,122
More than 3 years to 4 years	20,053,461	14,721,933
More than 4 years to 5 years	6,972,775	18,873,313
More than 5 years	48,038,802	41,772,282
	<b>₱114,975,257</b>	<b>₱96,324,870</b>

The overall investment policy and strategy of the retirement plan is based on the client suitability assessment, as provided by its trust bank.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest risk and market (investment) risk.



## 15. Equity

### Capital stock

The details of the Company's capital stock are as follows:

	Number of Shares		Amount	
	2025	2024	2025	2024
<b>Authorized Capital Stock</b>				
Common capital stock - P100 par value	24,000,000	24,000,000	₱2,400,000,000	₱2,400,000,000
Preferred capital stock - P100 par value	12,000,000	12,000,000	1,200,000,000	1,200,000,000
	<b>36,000,000</b>	<b>36,000,000</b>	<b>₱3,600,000,000</b>	<b>₱3,600,000,000</b>
<b>Common Stock</b>				
Issued and outstanding:				
Balance at beginning and end of year	22,570,007	22,570,007	₱2,257,000,700	₱2,257,000,700
<b>Preferred Stock</b>				
Issued and outstanding:				
Balance at beginning and end of year	11,642,599	11,642,599	1,164,259,900	1,164,259,900
	<b>34,212,606</b>	<b>34,212,606</b>	<b>₱3,421,260,600</b>	<b>₱3,421,260,600</b>

### *Common Stock*

The Company has only one class of common stock which carry no right to fixed income.

On January 22, 2026, The Insular Life Assurance Company, Ltd. approved a ₱1.00 billion capital infusion to the Company to address its net worth deficiency as of December 31, 2025.

On January 28, 2026, the Company received the first tranche of ₱250.00 million. On March 31, 2026, an additional ₱250.00 million was received, with the remaining balance to be infused by the end of 2026.

### *Preferred Stock*

The Company's preferred stock are redeemable at the option of the Company at any time from their issuance and upon payment of aggregate issue value, and provided that the Company has sufficient retained earnings. The redemption price will be at par value and calculated to give the holders an estimated return of 30% per annum.

Preferred stockholders have preference over common stockholders with respect to payment of dividends and distribution of assets upon dissolution. Moreover, no voting right is vested on the preferred stockholders, except for the cases provided for under Section 6, paragraph 6 of the Revised Corporation Code of the Philippines.

### Additional Paid-in Capital

Additional paid-in capital amounting to ₱43.40 million and ₱41.62 million as at December 31, 2025 and 2024, respectively, represents capital contributions from Generali Asia N.V. arising from share-based payment arrangements granted to employees of the Company by Assicurazioni Generali S.p.A., the Company's former ultimate parent.

These arrangements relate to long-term incentive plans covering eligible employees, including directors and key management personnel, under which equity instruments of the parent are granted. The corresponding credit recognized in equity represents the cumulative amount of share-based payment expense recognized in profit or loss, treated as a contribution from the parent. The plan was terminated effective February 2025 in line with the exit of the former parent company in the Philippine market.



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## 16. Net Insurance Premiums

Gross insurance premiums and reinsurers' share of gross insurance premiums consist of the following:

	2025	2024
Gross insurance premiums	<b>₱3,861,395,913</b>	₱3,031,741,206
Reinsurers' share of gross insurance premiums on insurance contracts	<b>(399,923,189)</b>	(449,368,585)
<b>Net insurance premiums</b>	<b>₱3,461,472,724</b>	<b>₱2,582,372,621</b>

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## 17. Investment Income

This account consists of:

	2025	2024
Interest income on:		
Cash and cash equivalents (Note 4)	<b>₱5,588,992</b>	₱13,176,222
AFS financial assets (Note 6)	<b>29,012,705</b>	25,844,635
HTM financial assets (Note 6)	<b>100,742,322</b>	115,982,463
Loss on sale of AFS financial assets (Note 6)	<b>(874,538)</b>	-
	<b>₱134,469,481</b>	<b>₱155,003,320</b>

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## 18. Medical Service Fee and Other Income

This account consists of:

	2025	2024
Network access fee	<b>₱2,225,482</b>	₱213,676
Other income	<b>160,374</b>	34,587,446
	<b>₱2,385,856</b>	<b>₱34,801,122</b>

Network access fee relates to membership fee paid by the policyholders for the use of accredited hospitals, clinics and doctor's network for a no cash-out arrangement in case of in-patient and out-patient availments. This also includes fees paid by third parties to the Company for handling medical and health expenses of the said third parties.

Other income represents hospital discounts and reversal of liabilities that are no longer valid obligation of the Company.



## 19. Net Insurance Benefits and Claims

Net insurance contract benefits and claims consist of:

	2025	2024
Net insurance contract benefits and claims paid:		
Insurance contract benefits and claims paid	₱3,063,226,279	₱2,269,927,575
Reinsurers' share of insurance contract benefits and claims paid	(452,938,531)	(264,011,276)
	<b>2,610,287,748</b>	<b>2,005,916,299</b>
Net change in insurance contract liabilities:		
Gross change in insurance contract liabilities	535,236,059	(22,353,585)
Reinsurers' share of gross change in outstanding claims provisions	3,397,210	37,571,396
	<b>538,633,269</b>	<b>15,217,811</b>
Net insurance benefits and claims	<b>₱3,148,921,017</b>	<b>₱2,021,134,110</b>

## 20. Commission Expense

This account consists of:

	2025	2024
Gross commission expense	₱435,427,756	₱272,348,565
Reinsurers' share of commission expense	(14,876,733)	(21,644,163)
	<b>₱420,551,023</b>	<b>₱250,704,402</b>

## 21. General and Administrative Expenses

This account consists of:

	2025	2024
Salaries, wages and other employee benefits	₱275,957,816	₱238,994,785
Provision for (reversal of) impairment and probable losses (Notes 5, 6, 9 and 10)	337,142,357	(14,626,655)
Taxes and licenses	91,595,450	68,337,263
IT-related expenses	64,102,284	64,076,790
Depreciation and amortization (Notes 8 and 9)	63,143,498	59,686,214
Professional and management fees	42,740,112	7,803,306
Contracted services	36,029,625	56,927,002
Communication and utilities	26,702,888	33,461,305
Travel and transportation	14,284,418	14,078,500
Pension expense (Note 14)	11,633,354	12,084,216
Investment management fees	4,445,699	5,193,694
Rental and association dues (Note 24)	4,166,549	12,357,316
Entertainment, amusement and representation	3,880,139	2,744,777
Office supplies and postage	3,433,883	5,289,306
Training and meetings	3,289,971	2,754,266

(Forward)



	2025	2024
Other employee benefits	₱1,774,172	₱10,393,520
Repairs and maintenance	105,066	385,789
Medical fees	126,025	308,634
Other expenses	31,729,380	28,755,229
	<b>₱1,016,282,686</b>	<b>₱609,005,257</b>

Other expenses consist mainly of membership dues, bank charges, premises management expenses, advertisements and promotions. Provision for (reversal of) impairment and probable losses includes a provision for assessments issued by the relevant regulatory bodies (See Note 13). In view of the sensitivity of the matter, providing more detailed information beyond the present disclosures could seriously prejudice the Company's position. Accordingly, consistent with PAS 37, only general descriptions have been presented.

## 22. Income Tax

The provision for income tax expense consists of:

	2025	2024
<b>Recognized in profit or loss:</b>		
Final tax	₱27,501,142	₱33,164,058
Current tax	–	5,651,940
Deferred tax	20,599,846	(667,344)
	<b>₱48,100,988</b>	<b>₱38,148,655</b>
	2025	2024
<b>Recognized in other comprehensive income:</b>		
Deferred tax	(₱2,548,749)	(₱395,483)

Reconciliation of the income tax expense computed at the statutory income tax rate to the income tax expense as shown in profit or loss for the years ended December 31 is as follows:

	2025	2024
Loss before income tax expense	(₱989,428,263)	(₱110,595,345)
Income tax expense at statutory tax rate of 25%	(₱247,357,066)	(₱27,648,836)
Tax effects of:		
Changes in unrecognized deferred tax assets	240,700,989	61,424,140
Nondeductible expenses	60,001,065	3,027,304
Income subjected to final tax	(32,745,142)	(37,469,951)
Final tax expense	27,501,142	33,164,058
MCIT	–	5,651,940
	<b>₱48,100,988</b>	<b>₱38,148,655</b>



The components and movements of the Company's deferred tax assets (liabilities) - net follow:

<b>2025</b>	<b>At January 1</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in OCI</b>	<b>At December 31</b>
<b>Deferred Tax Assets</b>				
NOLCO	<b>₱20,686,846</b>	<b>(₱20,686,846)</b>	<b>₱-</b>	<b>₱-</b>
Allowance for impairment losses	<b>8,921,314</b>	-	-	<b>8,921,314</b>
Unrealized loss on AFS	<b>3,562,360</b>	-	<b>(3,025,761)</b>	<b>536,599</b>
Remeasurement loss on life insurance reserves	<b>2,990,000</b>	-	<b>78,578</b>	<b>3,068,578</b>
Lease liability	<b>6,513,096</b>	<b>(2,654,702)</b>	-	<b>3,858,394</b>
Unrealized foreign exchange loss	<b>70,483</b>	<b>22,179</b>	-	<b>92,662</b>
	<b>42,744,099</b>	<b>(23,319,369)</b>	<b>(2,947,183)</b>	<b>16,477,547</b>
<b>Deferred Tax Liabilities</b>				
Right-of-use of assets	<b>(6,168,133)</b>	<b>2,719,523</b>	-	<b>(3,448,610)</b>
Remeasurement loss on pension obligation	<b>(2,507,474)</b>	-	<b>398,434</b>	<b>(2,109,040)</b>
	<b>(8,675,607)</b>	<b>2,719,523</b>	<b>398,434</b>	<b>(5,557,650)</b>
	<b>₱34,068,492</b>	<b>(₱20,599,846)</b>	<b>(₱2,548,749)</b>	<b>₱10,919,897</b>

<b>2024</b>	<b>At January 1</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in OCI</b>	<b>At December 31</b>
<b>Deferred Tax Assets</b>				
NOLCO	<b>₱20,686,846</b>	<b>₱-</b>	<b>₱-</b>	<b>₱20,686,846</b>
Allowance for impairment losses	<b>8,921,314</b>	-	-	<b>8,921,314</b>
Unrealized loss on AFS	<b>4,019,735</b>	-	<b>(457,375)</b>	<b>3,562,360</b>
Remeasurement loss on life insurance reserves	<b>3,042,864</b>	-	<b>(52,864)</b>	<b>2,990,000</b>
Lease liability	<b>1,213,856</b>	<b>5,299,240</b>	-	<b>6,513,096</b>
Unrealized foreign exchange loss	<b>113,207</b>	<b>(42,723)</b>	-	<b>70,483</b>
	<b>37,997,822</b>	<b>5,256,517</b>	<b>(510,239)</b>	<b>42,744,099</b>
<b>Deferred Tax Liabilities</b>				
Right-of-use of assets	<b>(1,578,960)</b>	<b>(4,589,173)</b>	-	<b>(6,168,133)</b>
Remeasurement loss on pension obligation	<b>(2,622,230)</b>	-	<b>114,757</b>	<b>(2,507,474)</b>
	<b>(4,201,190)</b>	<b>(4,589,173)</b>	<b>114,757</b>	<b>(8,675,607)</b>
	<b>₱33,796,630</b>	<b>₱667,344</b>	<b>(₱395,482)</b>	<b>₱34,068,492</b>

The table below shows the temporary differences for which no deferred tax assets have been set up because the Company believes that there will be no future taxable profit against which the benefit from these assets could be utilized.

	<b>2025</b>	<b>2024</b>
NOLCO	<b>₱1,158,055,180</b>	<b>₱843,519,569</b>
Incurred but not reported	<b>218,127,805</b>	<b>25,179,811</b>
Allowance for impairment losses	<b>161,290,525</b>	<b>52,023,975</b>
MCIT	<b>9,973,652</b>	<b>10,568,064</b>
	<b>₱1,547,447,162</b>	<b>₱931,291,419</b>



**NOLCO**

Details of the Company's NOLCO not covered by RR No. 25-2020 which could be carried over as a deduction from the Company's future taxable income for the next 3 succeeding taxable years as follow:

Year Incurred	Expiry Year	Amount	Utilized	Expired	Balance
2025	2028	₱653,381,461	₱-	₱-	₱653,381,461
2024	2027	260,323,213	-	-	260,323,213
2023	2026	244,350,506	-	-	244,350,506
2022	2025	421,593,233	-	421,593,233	-
		₱1,579,648,413	₱-	₱421,593,233	₱1,158,055,180

**MCIT**

An MCIT of 2% of the gross income as at the end of the taxable year 2025 and 2024 respectively, is imposed upon any domestic corporation beginning the fourth taxable year immediately following the taxable year in which such corporation commenced its business operations.

Details of the Company's MCIT are as follows:

Year Incurred	Expiry Year	Amount	Utilized	Expired	Balance
2025	2028	₱-	₱-	₱-	₱-
2024	2027	5,651,940	-	-	5,651,940
2023	2026	4,321,712	-	-	4,321,712
2022	2025	594,412	-	594,412	-
		₱10,568,064	₱-	₱594,412	₱9,973,652

**23. Related Party Transactions**

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are 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 and the parties are subject to common control. Related parties may be individuals or corporate entities.

<b>Related Party (May 23, 2025 – December 31, 2025)</b>	<b>Relationship</b>
The Insular Life Assurance Company, Ltd.	Parent Company
<b>Related Party (Prior to May 23, 2025)</b>	<b>Relationship</b>
Assicurazioni Generali S.p.A.	Ultimate Parent Company
Generali Asia N.V.	Parent Company
Generali Vietnam Life Insurance Limited Liability Company	Entity under Common Control
Generali Asia International - Asia Regional Office - Hongkong	Entity under Common Control



The following are the Company's outstanding related party transactions:

a. Details of key management compensation follow:

	2025	2024
Salaries and other short-term benefits	₱109,857,776	₱80,169,459
Fringe benefits	37,489,602	29,103,402
Post-employment benefits	19,022,143	14,202,920
Social security cost	1,710,588	1,572,572
<b>Total</b>	<b>₱168,080,109</b>	<b>₱125,048,353</b>

Key management personnel include officers with positions of Assistant Vice President and up.

b. Outstanding balances with related parties as at December 31 are as follows:

Category	Note	2025			
		Amount of Transaction	Outstanding Balance	Terms	Conditions
<b>The Insular Life Assurance Company, Ltd.</b>					
Common overhead	13	₱16,552,211	₱16,552,211	Non-interest bearing; due and demandable	Unsecured, no impairment
Reimbursement		1,755,000	-	Non-interest bearing; due and demandable	Unsecured, no impairment
Other reinsurance accounts receivable	5	2,357,389	2,357,389	Non-interest bearing; due and demandable	Unsecured, no impairment
Insurance payable	12	3,792,155	3,792,155	Non-interest bearing;	Unsecured
<b>Assicurazioni Generali S.p.A.</b>					
Reinsurance recoverable on paid losses	5	₱121,894,260	₱221,206,046	Non-interest bearing; due and demandable	Unsecured, no impairment
Reinsurance recoverable on unpaid losses		17,310,444	(64,854,398)	Non-interest bearing; due and demandable	Unsecured, no impairment
Other reinsurance accounts receivable	5	67,716,599	26,672,945	Non-interest bearing; due and demandable	Unsecured, no impairment
Insurance payable	12	205,058,047	295,739,658	Non-interest bearing; due and demandable	Unsecured
<b>Generali Vietnam Life Insurance Limited Liability Company</b>					
Due from Generali Vietnam	6	-	-	Non-interest bearing; due and demandable	Unsecured, no impairment
<b>2024</b>					
Category	Note	Amount of Transaction	Outstanding Balance	Terms	Conditions
<b>Assicurazioni Generali S.p.A.</b>					
Reinsurance recoverable on paid losses	5	₱241,421,245	₱112,857,510	Non-interest bearing; due and demandable	Unsecured, no impairment
Reinsurance recoverable on unpaid losses		(73,547,879)	(83,660,619)	Non-interest bearing; due and demandable	Unsecured, no impairment
Other reinsurance accounts receivable	5	48,101,384	(14,549,980)	Non-interest bearing; due and demandable	Unsecured, no impairment
Insurance payable	12	411,119,766	142,286,129	Non-interest bearing; due and demandable	Unsecured
<b>Generali Vietnam Life Insurance Limited Liability Company</b>					
Due from Generali Vietnam	6	-	600,000	Non-interest bearing; due and demandable	Unsecured, no impairment
<b>Generali Asia International - Asia Regional Office - Hong Kong</b>					
Due from Generali Asia International - Asia Regional Office - Hong Kong	6	-	105,068	Non-interest bearing; due and demandable	Unsecured, no impairment

All outstanding balances with related parties are to be settled in cash.



## 24. Leases

The Company entered into various lease contracts for its office spaces and equipment used in its operations. These leases generally have lease terms between three (3) and five (5) years. As at December 31, 2025, remaining lease contracts will expire by May 2027. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

### *Right-of-use assets*

The carrying amount of ROU assets recognized and movements during the year were presented as part of "Property and equipment" in the statement of financial position (see Note 8).

### *Lease liabilities*

The carrying amount of lease liabilities recognized and the movements during the year are as follows:

	2025	2024
Balance at beginning of year	<b>₱26,052,384</b>	₱4,855,424
Additions	–	28,884,261
Interest	<b>1,630,951</b>	1,646,706
Payments	<b>(12,249,758)</b>	(9,334,007)
Balance at end of year	<b>₱15,433,577</b>	₱26,052,384

For the years ended December 31, 2025 and 2024, amounts recognized in the statements of comprehensive loss for leases as under PFRS 16, *Leases*, are as follows:

	2025	2024
Depreciation expense of ROU assets (Note 8)	<b>₱10,878,091</b>	₱10,527,569
Expenses relating to short-term leases and variable lease payment (Note 21)	<b>4,166,549</b>	12,357,316
Interest expense on lease liabilities	<b>1,630,951</b>	1,646,706
	<b>₱16,675,591</b>	₱24,531,591

Rent expense for the office spaces, parking slots and residential condominium in 2025 and 2024 presented as "Rental and association dues" under "General and administrative expenses" amounted to ₱4.17 million and ₱12.36 million, respectively (see Note 21).

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

	2025	2024
One (1) year	<b>₱12,489,965</b>	₱12,595,094
More than 1 year to 2 years	<b>3,779,801</b>	27,781,321

Amounts recognized in the statement of cash flows are as follows:

	2025	2024
Payment of principal portion of lease liabilities	<b>₱12,249,758</b>	₱9,334,007
Expenses relating to short-term leases and variable lease payment (Note 21)	<b>4,166,549</b>	12,357,316
Interest expense on lease liabilities	<b>1,630,951</b>	1,646,706
	<b>₱18,047,258</b>	₱23,338,029



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## 25. Capital, Insurance and Financial Risk Management Objectives and Policies

### Governance Framework

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

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

### Capital Management Framework

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) requirement model.

### RBC Requirement Model

The Company fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which each of its business units and the Company as a whole is exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly the anticipated impact on the realistic financial position and revenue account of each business unit, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

### Regulatory Framework

A substantial portion of the Company's long-term insurance business comprises policies where the investment risk is borne by policyholders. Risk attributable to policyholders is actively managed keeping in view their investment objectives and constraints.

Regulators are interested in protecting the rights of the policyholders and maintaining close vigil to ensure that the Company is satisfactorily managing its affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risks are at acceptable levels. The operations of the Company are subject to the regulatory requirements of the Insurance Commission (IC). Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g. fixed capitalization requirements, margin of solvency and RBC requirements to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

### Fixed Capitalization Requirements

On August 5, 2014, the President of the Philippines approved the Revised Code which provides the new capitalization requirements for all existing insurance companies based on net worth on a staggered basis starting June 30, 2015 up to December 31, 2022.



On January 13, 2015, the IC issued Circular Letter (CL) No. 2015-02-A clarifying the minimum capitalization and net worth requirements of all insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least P250 million by December 31, 2013 (Section 194). The minimum net worth of the said companies shall remain unimpaired at all times and shall increase to the amounts as follows:

<b>Minimum Net Worth</b>	<b>Compliance Date</b>
P550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

**Solvency Requirement**

Under the Revised Code, a life insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital, and net worth requirements as prescribed by the Insurance Commissioner. Such solvency requirements shall be based on internationally accepted solvency frameworks and accepted only after due consultation with the insurance industry association.

As at December 31, 2025 the final amount of the net worth can be determined only after the accounts of the Company have been examined by the IC, specifically as to admitted and non-admitted assets as defined under the Code.

The amounts of assets below for 2025 are subject to final determination by the IC while the 2024 balances are based on the final amount reviewed by IC:

	<b>2025</b>	<b>2024</b>
Past due premiums receivable	<b>₱184,036,403</b>	₱327,531,812
Creditable withholding tax	<b>133,124,408</b>	122,062,026
Prepayments	<b>58,267,508</b>	52,074,329
Deferred tax asset	<b>10,919,897</b>	34,068,492
Unsecured receivables	<b>22,323,218</b>	74,624,805
Intangible assets	<b>4,296,858</b>	25,120,502
Leasehold improvements	<b>488,583</b>	1,350,775
Others	<b>201,862</b>	56,342,869
	<b>₱413,658,737</b>	₱693,175,610

If an insurance company failed to meet the minimum required capital, the IC is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such company until its authority is restored by the IC.

As of December 31, 2024, the Company's approved regulatory net worth amounted to P1,067,403,594, with the related deficiency addressed by the P250 million capital infusion from The Insular Life Assurance Company, Ltd. (see Note 15).

As of December 31, 2025, the Company's estimated regulatory net worth decreased to P325,106,412, resulting in a net worth deficiency of P974,893,588, which will be addressed by the P1 billion capital infusion from The Insular Life Assurance Company, Ltd., as approved by the Board on January 22, 2026 (see Note 15).



Unimpaired Capital Requirement

On August 7, 2008, the Insurance Commission issued IMC 22-2008 providing that for purposes of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statements of financial position should show that the net worth or equity is at least equal to the actual paid-up capital. The Company has complied with the unimpaired capital requirement.

Risk-based Capital (RBC) Requirements

In December 2016, IC issued CL No. 2016-68, *Amended Risk-Based Capital (RBC2) Framework*, which supersedes all previously issued IC CL on RBC and shall be implemented effective January 1, 2017. The RBC2 Framework prescribes the minimum RBC Ratio and RBC Requirement that must be satisfied by all insurance companies. Under the RBC2 Framework, the RBC Ratio of an insurance company shall be equal to the Total Available Capital (TAC) divided by the RBC requirement. All insurance companies are required to maintain a minimum RBC Ratio of 100% and not fail the trend test. The RBC Requirement is defined under RBC2 Framework as the capital required to be held appropriately to the risks an insurance company is exposed to.

IC CL No. 2016-69, *Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and RBC2 Framework* further states that the level of sufficiency for the RBC2 Framework shall be at 95.00% level in 2017, 97.50% in 2018 and 99.50% in 2019 onwards.

As at December 31, 2025 and 2024, the Company has passed the Trend Test based on the requirements of the IC CL No. 2016-69. The below table shows how the RBC ratio as at the reporting date was determined by the Company:

	2025	2024
TAC	<b>₱566,488,792</b>	₱1,499,802,173
RBC requirement	<b>316,602,384</b>	328,732,555
<b>RBC Ratio</b>	<b>179%</b>	456%

The figures above for 2025 are internally computed by the Company and the final amount of the RBC ratio can be determined only after the accounts of the Company have been reviewed by IC specifically as to determination of admitted and non-admitted assets as defined under the Code.

As at December 31, 2025 and 2024, the Company has complied with the minimum RBC ratio of 100%.

Insurance Risk

*Nature of risk*

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk includes premium/benefits risk, actuarial reserve risk and reinsurance risk. Premium/benefits risk is the risk of having to pay, from a premium that may be fixed for a specific term, benefits that can be affected by uncontrollable event when they become due. Adequacy of the actuarial reserves is monitored on a regular basis in accordance with local regulations. Actuarial reserve risks are brought about by a combination of the following:

- *Mortality risk* - risk of loss arising from the policyholder's death experience being different than expected.



- *Morbidity risk* - risk of loss arising from the policyholder's health experience being different than expected.
- *Expense risk* - risk of loss arising from expense experience being different than expected.
- *Policyholder decision risk* - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

Reinsurance risk arises from underwriting direct business or reinsurance business in relation to reinsurers and brokers.

#### *Monitoring and controlling*

The Company regularly assesses the reserving methodology in accordance with local regulations. Underwriting guidelines and limits for insurance and reinsurance contracts have been well established to clearly regulate responsibility and accountability. The main underwriting strategy of the Company in managing insurance risk is the use of reinsurance. The Company maintains quota-share and surplus-type reinsurance treaties for group life business. The retention limit is P3 million per life. In addition, the Company may arrange facultative reinsurance for risks beyond the scope of its automatic treaties.

#### *Frequency and severity of claims*

The frequency and severity of claims is dependent on the type of contracts as follows:

- a) For contracts where death is the insured risk, the most significant factor would be epidemics that result in earlier or more claims than expected; and
- b) For medical insurance contracts where illness incurred by the insured is the considered risk, the most significant factor would be epidemics and communicable diseases, that may result in earlier or more claims than expected.

#### Fair Value of Financial Instruments

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31:

	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents*	₱501,409,529	₱501,409,529	₱202,646,721	₱202,646,721
Insurance receivables:				
Premiums due and uncollected	507,483,515	507,483,515	642,714,943	642,714,943
Reinsurance recoverable on paid losses	478,641,664	478,641,664	128,652,302	128,652,302
Other reinsurance accounts receivable	69,319,625	69,319,625	13,548,279	13,548,279
Accrued income	29,397,815	29,397,815	32,226,050	32,226,050
AFS financial assets	397,957,717	397,957,717	567,186,138	567,186,138
HTM financial assets	1,787,390,224	1,795,243,613	2,054,463,465	2,054,463,465
Loans and receivables	22,323,218	22,323,218	74,599,956	74,599,956
Other assets**	20,036,313	20,036,313	20,165,804	20,165,804
<b>Total Financial Assets</b>	<b>3,813,959,620</b>	<b>3,821,813,009</b>	<b>3,736,203,658</b>	<b>3,736,203,658</b>
Insurance payables	810,002,388	810,002,388	487,886,802	487,886,802
Provision for probable losses	250,000,000	250,000,000	48,007,413	48,007,413
Accrued expenses	113,546,968	113,546,968	86,283,698	86,283,698
Accounts payable	52,398,851	52,398,851	116,852,908	116,852,908
Trust fees payable	1,013,860	1,013,860	1,307,492	1,307,492
<b>Total Financial Liabilities</b>	<b>₱1,226,962,067</b>	<b>₱1,226,962,067</b>	<b>₱740,338,313</b>	<b>₱740,338,313</b>

\*excludes cash on hand

\*\*excludes CWT, prepayments and input VAT



Due to the short-term nature of cash and cash equivalents, insurance receivables, accrued income, loans and other assets, insurance payables, provision for probable losses, accounts payable and accrued expenses, their carrying values reasonably approximate fair values at the end of the reporting period.

When the fair value of AFS financial assets cannot be measured reliably because of lack of available estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost.

The fair value of HTM financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business at the end of the reporting period. The HTM financial assets earned interest at weighted average rate of 5.65% and 5.29% in 2025 and 2024, respectively (see Note 6).

*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, either directly or indirectly
- 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 assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies.

For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

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

The tables below show analysis of financial asset at fair value by level of the fair value hierarchy as of December 31:

	Carrying Value	2025 Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Available-for-sale financial assets</b>					
Debt securities	₱394,857,717	₱301,730,534	₱93,127,183	₱-	₱394,857,717
Equity securities	3,100,000	-	3,100,000	-	3,100,000
<b>Held-to-maturity financial assets</b>					
Debt securities	1,787,390,224	1,795,243,613	-	-	1,795,243,613
<b>TOTAL</b>	<b>₱2,185,347,941</b>	<b>₱2,096,974,147</b>	<b>₱96,227,183</b>	<b>₱-</b>	<b>₱2,193,201,330</b>



	Carrying Value	2024			Total
		Fair Value			
		Level 1	Level 2	Level 3	
Available-for-sale financial assets					
Debt securities	₱566,315,138	₱566,315,138	₱–	₱–	₱566,315,138
Equity securities	871,000	–	800,000	71,000	3,100,000
Held-to-maturity financial assets					
Debt securities	2,054,463,465	2,054,463,465	–	–	2,054,463,465
<b>TOTAL</b>	<b>₱2,621,649,603</b>	<b>₱2,620,778,603</b>	<b>₱800,000</b>	<b>₱71,000</b>	<b>₱2,623,878,603</b>

During the reporting year ended December 31, 2025, there were no transfers between Level 1 and level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risk that the Company primarily faces due to the nature of its investments and liabilities is interest rate risk.

### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- Net exposure limits are set for each counterparty or group of counterparties and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
- Guidelines are provided to determine when to obtain collateral and guarantees.
- The maximum amounts and limits that may be advanced to corporate counterparties by reference to their long term credit ratings are also set.

The Company also enters into reinsurance agreements. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Company's reinsurance programs.



The table below shows the maximum exposure to credit risk for the components of the statement of financial position as at December 31:

	2025	2024
Cash and cash equivalents*	<b>₱501,409,529</b>	₱202,646,721
Insurance receivables:		
Premiums due and uncollected	<b>650,873,574</b>	691,059,589
Reinsurance recoverable on paid losses	<b>478,641,664</b>	128,652,302
Other reinsurance accounts receivable	<b>69,319,625</b>	13,548,279
Financial assets:		
AFS financial assets**	<b>394,857,717</b>	567,186,138
HTM financial assets	<b>1,787,390,224</b>	2,054,463,465
Loans and receivables	<b>22,323,218</b>	74,599,956
Accrued income	<b>29,397,815</b>	32,226,050
Other assets**	<b>20,036,313</b>	20,165,804
	<b>₱3,954,249,679</b>	₱3,784,548,304

\*excludes cash on hand

\*\*excludes non-listed equity securities

\*\*\*excludes CWT, prepayments and input VAT

The Company did not have any significant concentration of credit risk with a single counterparty or group of counterparties, geographical and industry segments as at December 31, 2025 and 2024.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's assessment of credit standing of the counterparties, historical dealings and experience with the counterparties, underlying collaterals, if any and other factors.

	2025			Total
	Neither Past Due nor Impaired			
	Investment Grade	Non-investment Grade	Past due or Impaired	
Cash and cash equivalents*	<b>₱501,409,529</b>	<b>₱-</b>	<b>₱-</b>	<b>₱501,409,529</b>
Insurance receivables:				
Premiums due and uncollected	-	507,483,514	143,390,060	650,873,574
Reinsurance recoverable on paid losses	-	478,641,664	-	478,641,664
Other reinsurance accounts receivable	-	69,319,626	-	69,319,626
Financial assets:				
AFS financial assets	394,957,717	-	-	394,957,717
Non-listed equity securities	-	3,100,000	-	3,100,000
HTM financial assets	1,787,390,224	-	-	1,787,390,224
Loans and receivables:				
Due from policyholders	-	19,667,648	44,178,705	63,846,353
Due from employees	-	2,655,570	-	2,655,570
Accrued income	29,397,815	-	-	29,397,815
Other assets**	-	20,036,313	-	20,036,313
<b>Total</b>	<b>₱2,713,155,285</b>	<b>₱1,100,904,335</b>	<b>₱187,568,765</b>	<b>₱4,001,628,385</b>

\*excludes cash on hand

\*\*excludes CWT, prepayments and input VAT



	2024				Total
	Neither Past Due nor Impaired		Past due or Impaired		
	Investment Grade	Non-investment Grade			
Cash and cash equivalents*	₱202,646,721	₱-	₱-	₱202,646,721	
Insurance receivables:					
Premiums due and uncollected	-	642,714,942	48,344,647	691,059,589	
Reinsurance recoverable on paid losses	-	128,652,302	-	128,652,302	
Other reinsurance accounts receivable	-	13,548,279	-	13,548,279	
Financial assets:					
AFS financial assets	566,315,138	-	-	566,315,138	
Listed equity securities	-	871,000	-	871,000	
HTM financial assets	2,054,463,465	-	-	2,054,463,465	
Loans and receivables:					
Due from policyholders	-	68,005,099	39,364,589	107,369,688	
Due from employees	-	5,889,789	-	5,889,789	
Accrued income	32,226,050	-	-	32,226,050	
Other assets**	-	20,165,804	-	20,165,804	
<b>Total</b>	<b>₱2,855,651,374</b>	<b>₱879,847,215</b>	<b>₱87,709,236</b>	<b>₱3,823,207,825</b>	

\*excludes cash on hand

\*\*excludes CWT, prepayments and input VAT

The Company determines the credit ratings of its counterparties based on the following criteria:

- Investment grade - Ratings given to counterparties with strong to very strong capacity to meet their obligations.
- Non-investment grade - Ratings given to counterparties with average capacity to meet their obligations.

The table below shows the analysis of age of financial assets that are past-due but not impaired.

	2025					
	Age Analysis of Financial Assets Past-Due but Not Impaired			Total Past Due but not Impaired	Past Due and Impaired	Total
	Less than 30 Days	31 to 90 Days	More than 90 Days			
Insurance receivables						
Premiums due and uncollected	₱68,854,934	₱254,592,178	₱184,036,402	₱507,483,514	₱143,390,060	₱650,873,574
Reinsurance recoverable on paid losses	20,763,770	55,107,128	402,770,765	478,641,663	-	478,641,663
Other reinsurance accounts receivable	-	-	69,319,626	69,319,626	-	69,319,626
Loans and receivables:						
Due from employees	-	-	2,655,570	2,655,570	-	2,655,570
Due from policyholders	-	-	19,667,648	19,667,648	44,178,705	63,846,353
<b>Total</b>	<b>₱89,618,704</b>	<b>₱309,699,306</b>	<b>₱678,450,011</b>	<b>₱1,077,768,021</b>	<b>₱187,568,765</b>	<b>₱1,265,336,786</b>

	2024					
	Age Analysis of Financial Assets Past-Due but Not Impaired			Total Past Due but not Impaired	Past Due and Impaired	Total
	Less than 30 Days	31 to 90 Days	More than 90 Days			
Insurance receivables						
Premiums due and uncollected	₱178,913,639	₱183,772,110	₱280,029,193	₱642,714,942	₱48,344,647	₱691,059,590
Reinsurance recoverable on paid losses	2,193,333	92,959,043	33,499,926	128,652,302	-	128,652,302
Other reinsurance accounts receivable	-	-	13,548,279	13,548,279	-	13,548,279
Loans and receivables:						
Due from employees	-	-	5,889,789	5,889,789	-	5,889,789
Due from policyholders	-	-	68,005,099	68,005,099	39,364,589	107,369,688
<b>Total</b>	<b>₱181,106,972</b>	<b>₱276,731,153</b>	<b>₱400,972,286</b>	<b>₱858,810,411</b>	<b>₱87,709,236</b>	<b>₱946,519,648</b>

The Company conducts a periodic review of allowance for impairment losses based on the corresponding age of past due accounts, payment behavior, credit capacity and length of relationship with the counterparty.



### Liquidity risk

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

The Company manages liquidity through an assessment of the minimum amount of funds needed to meet operating and investment requirements; forecasting cash flows on both a short- and long-term basis; setting up of normal and contingency funding plans; specifying the sources of funding; maintaining counterparty exposures within approved limits; and periodic reporting and review of the credit facilities made available to the Company.

It is unusual for a company primarily transacting insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement.

The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate based on statistical techniques and past experience.

The table below summarizes the maturity profile of the financial assets and liabilities of the Company using undiscounted contractual maturities based on remaining contractual obligations, or on the estimated timing of net cash outflows.

	2025					No term	Total
	Up to a Year*	1 to 3 Years	3 to 5 Years	Over 5 Years	P-		
Cash and cash equivalents	P134,675,565	P-	P-	P-	P-	P383,392,529	P518,068,094
Insurance receivables	1,055,444,804	-	-	-	-	-	1,055,444,804
AFS financial assets	49,011,974	326,585,923	89,917,629	-	-	3,100,000	468,615,526
HTM financial assets	474,220,272	1,293,006,357	386,092,028	40,713,618	-	-	2,194,032,275
Loans and receivables	22,323,218	-	-	-	-	-	22,323,218
Accrued income	29,397,815	-	-	-	-	-	29,397,815
Other assets	-	-	-	-	-	20,036,314	20,036,314
<b>Total Financial Assets</b>	<b>P1,765,073,648</b>	<b>P1,619,592,280</b>	<b>P476,009,657</b>	<b>P40,713,618</b>	<b>P-</b>	<b>P406,528,843</b>	<b>P4,307,918,046</b>
Insurance contract liabilities	P2,035,640,592	P-	P-	P-	P-	P-	P2,035,640,592
Insurance payables	810,002,388	-	-	-	-	-	810,002,388
Accounts payable and accrued expenses**	416,959,679	-	-	-	-	-	416,959,679
Lease liability	12,489,965	3,779,801	-	-	-	-	16,269,766
<b>Total Financial Liabilities</b>	<b>P3,275,092,624</b>	<b>P3,779,801</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P3,278,872,425</b>

\*Up to a year are all commitments which are either due within the time frame.

\*\*Excludes unallocated collections from policyholders, taxes payable, and other payables

	2024					No term	Total
	Up to a Year*	1 to 3 Years	3 to 5 Years	Over 5 Years	P-		
Cash and cash equivalents	P160,365,043	P-	P-	P-	P-	P63,522,721	P223,887,764
Insurance receivables - net	784,915,523	-	-	-	-	-	784,915,523
AFS financial assets	45,012,915	135,207,909	421,354,042	50,215,874	-	871,000	652,661,740
HTM financial assets	295,887,932	692,689,286	1,291,827,261	264,813,941	-	-	2,545,218,420
Loans and receivables - net	152,624,138	-	-	-	-	-	152,624,138
Accrued income	32,226,050	-	-	-	-	-	32,226,050
Other assets - net	-	-	-	-	-	20,165,803	20,165,803
<b>Total Financial Assets</b>	<b>P1,471,031,601</b>	<b>P827,897,195</b>	<b>P1,713,181,303</b>	<b>P315,029,815</b>	<b>P-</b>	<b>P84,559,524</b>	<b>P4,411,699,438</b>
Insurance contract liabilities	P1,500,063,346	P-	P-	P-	P-	P-	P1,500,063,346
Insurance payables	487,886,802	-	-	-	-	-	487,886,802
Accounts payable and accrued expenses**	252,501,510	-	-	-	-	-	252,501,510
Lease liability	24,106,649	16,269,766	-	-	-	-	40,376,415
<b>Total Financial Liabilities</b>	<b>P2,264,558,307</b>	<b>P16,269,766</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P-</b>	<b>P2,280,828,073</b>

\*Up to a year are all commitments which are either due within the time frame.

\*\*Excludes unallocated collections from policyholders, taxes payable, and other payables



*Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of three types of risks: foreign exchange rate (currency risk), market interest rate (fair value interest rate risk) and market price (equity price risk). The Company manages market risks through a market risk policy that sets out the following:

- determines what is the acceptable level of market risk for the Company;
- defines the basis used to determine the fair value of financial assets and liabilities;
- asset allocation and portfolio limit structure by type of instrument and geographical area, counterparty or group of counterparties, and industry segments;
- reporting of market risk exposures and conditions that might trigger market risk deviations; and
- review of market risk policy for pertinence in relation to market changes and in the environment.

*Foreign currency exchange risk*

The Company's principal transactions are carried out in Philippine Peso and its foreign exchange risk arises primarily with respect to US Dollar (US\$) and Euro (€) where some of its products are denominated. The Company's financial assets are primarily denominated in the same currencies as its insurance contracts, which mitigate the foreign exchange rate risk.

Thus, the main foreign exchange risk arises from recognized assets and liabilities denominated in currencies other than those in which the insurance contracts are expected to be settled.

The table below summarizes the Company's exposure to foreign currency exchange risks as at December 31:

	<b>2025</b>	2024
	<b>US\$</b>	US\$
<b>Assets</b>		
Cash and cash equivalents	<b>\$5,584</b>	\$30,880
Peso equivalent	<b>₱328,346</b>	₱1,786,409
	<b>2025</b>	2024
	<b>Euro€</b>	Euro€
<b>Assets</b>		
Cash and cash equivalents	<b>2,185 €</b>	79 €
Peso equivalent	<b>₱151,331</b>	₱4,740

The exchange rates for 2025 and 2024 are ₱58.80 and ₱57.85 per US\$1.00 and ₱69.26 and ₱59.09 per €1.00, respectively. Net unrealized foreign exchange gain recognized in the profit and loss amounted to ₱0.40 million and ₱0.30 million in 2025 and 2024, respectively.



The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on income before tax (due to changes in fair value of currency sensitive monetary assets).

	<b>Increase (Decrease) in Peso per US\$ Depreciation (Appreciation)</b>	<b>Impact on Profit before Tax Increase (Decrease)</b>
<b>2025</b>	<b>11%</b>	<b>36,118</b>
	<b>-11%</b>	<b>(36,118)</b>
<b>2024</b>	<b>11%</b>	<b>196,505</b>
	<b>-11%</b>	<b>(196,505)</b>

The Company determined the reasonably possible change in foreign exchange rates using percentage changes in weighted average foreign exchange rate for the past three years. The sensitivity analysis includes only outstanding foreign currency denominated monetary assets and liabilities as at reporting date.

There is no other impact on the Company's equity other than those already affecting the profit and loss.

*Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The following table shows the information relating to the Company's financial instruments that are exposed to interest rate risk presented by maturity profile.

December 31, 2025						
Interest Rates	Within One Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total	
Cash and cash equivalents	2.50% - 5.31%	P501,409,529	P-	P-	P-	P501,409,529
AFS financial assets	4.61%	35,711,614	300,396,107	58,749,996	-	394,857,717
HTM financial assets	5.65%	412,593,212	1,141,894,322	192,189,072	40,713,618	1,787,390,224

  

December 31, 2024						
Interest Rates	Within One Year	2 to 3 Years	4 to 5 Years	Over 5 Years	Total	
Cash and cash equivalents	3.50% - 5.0%	P202,646,721	P-	P-	P-	P202,646,721
AFS financial assets	4.95%	30,195,123	109,210,215	393,019,830	33,889,971	566,315,138
HTM financial assets	5.29%	211,775,026	563,890,865	1,115,551,847	163,245,726	2,054,463,465

The following tables provide the sensitivity analysis of the fair value of financial assets and its impact to profit before tax and equity due to changes in interest rates as of December 31:

	<b>Changes in variable</b>	<b>Effect on income before tax</b>	<b>Effect on equity</b>
<b>2025</b>	<b>+ 25 basis points</b>	-	<b>(P2,912,618)</b>
	<b>- 25 basis points</b>	-	<b>2,912,618</b>
	<b>Changes in variable</b>	<b>Effect on income before tax</b>	<b>Effect on equity</b>
<b>2024</b>	<b>+ 25 basis points</b>	-	<b>(P4,100,292)</b>
	<b>- 25 basis points</b>	-	<b>4,100,292</b>

The use of +/-25 basis points is a reasonably possible change in the market value of the debt securities.





**27. Supplementary Information Required Under Revenue Regulations No. 15-2010 by the Bureau of Internal Revenue**

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide, in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards.

The following are the tax information required for the taxable period ended December 31, 2025:

**A. VAT**

	Amount
1. Output VAT	₱49,351
Basis of the Output VAT:	
VATable sales	₱411,255
2. Input VAT	
Beginning of the year	—
Current year's domestic purchases of capital goods not subject to amortization	—
Capital goods subject to amortization deferred for the succeeding period	—
Others:	—
a. Domestic purchases of goods	—
b. Domestic purchases of services	23,844
Application of Output VAT	(49,351)
Balance at the end of year	(₱25,507)

**B. Taxes on Importation**

The Company does not have any customs duties or tariff fees in 2025 since it does not have any importation.

**C. Excise Tax**

The Company does not have any excise tax in 2025 since it does not have any transactions which are subject to excise tax.

**D. Documentary Stamp Tax**

	Amount
Documentary stamp tax on stock issuance cost	₱—
Documentary stamp tax on others	314,480
	₱314,480



**E. All Other Taxes (Local and National)**

<i>Local</i>	
Mayor's Permit	₱7,565,298
Others	64,980
<i>National</i>	
Premium tax	83,650,691
SEC Fees on stock issuance cost	—
BIR annual registration	—
<b>Total</b>	<b>₱91,280,970</b>

Other taxes, local and national, paid during the year are lodged under the “Taxes and licenses” accounts under “General and administrative expenses”.

**F. Withholding Taxes**

The amount of withholding taxes paid/accrued for the year are as follow:

	Amount
Expanded withholding tax	₱96,886,158
Tax on compensation and benefits	35,724,581
Fringe benefits	12,289,454
Final withholding tax	6,721,997
	<b>₱151,622,189</b>

**G. Tax Cases and Assessments**

As of December 31, 2025, the Company has an outstanding tax case before the Court of Tax Appeals involving a tax assessment for taxable year 2018 amounting to ₱1,339.57 million, inclusive of interest and penalties.

