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Company Information

SEC Registration No.: 0000004936
Company Name: PRUDENTIAL GUARANTEE AND ASSURANCE INC.
Industry Classification: J68200
Company Type: Stock Corporation

Document Information

Document ID: OST105292026811515641
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Annual
Remarks: None

Acceptance of this document is subject to review of forms and contents

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 4 9 3 6

COMPANY NAME

P R U D E N T I A L   G U A R A N T E E
A N D   A S S U R A N C E ,   I N C .

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

C O Y I U T O   H O U S E ,   1 1 9   C .   P A L A N C A
S T R E E T ,   L E G A S P I   V I L L A G E ,
M A K A T I   C I T Y ,   1 2 2 9   P H I L I P P I N E S

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	C G F D	N . A .

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
PGA.CORPSEC@ PRUDENTIALGUARANTEE.COM	(+632) 8878-3000	(+63) 960-563-7336

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
FIFTEEN (15)	2ND MONDAY OF MARCH	DECEMBER 31ST

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
CRISTINE C. REMOLLO	PGA.CORPSEC@ PRUDENTIALGUARANTEE.COM	(+632) 8878-3000	(+63) 960-563-7336

CONTACT PERSON's ADDRESS

COYIUTO HOUSE, 119 C. PALANCA STREET,
LEGASPI VILLAGE, MAKATI CITY, 1229 PHILIPPINES

Note 1: In case of death, resignation, or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled out. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Prudential Guarantee
INSURING GROWTH

Ron Errick Loyola <ron.loyola@prudentialguarantee.com>

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Submission Date/Time: **May 25, 2026 05:33 PM**
Company TIN: **000-491-813**

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MTC

MENDOZA
Tugano & Co., CPAs

16th Floor, The Salcedo Towers 169 H.V. de la Costa Street, Salcedo Village, Makati City, 1227 Philippines

(632) 8887-1888 | www.mtco.com.ph

PRC/BOA Accreditation No. 9682
November 22, 2023, valid until July 18, 2026
SEC Accreditation No. 9862-SEC (Group A)
Issued February 26, 2026
Valid for Financial Periods 2025-2029

SUPPLEMENTAL STATEMENT
OF INDEPENDENT AUDITOR

The Board of Directors and Stockholders
Prudential Guarantee and Assurance, Inc.
Coyiuto House 119 C. Palanca Street,
Legaspi Village, Makati City

We have examined the financial statements of Prudential Guarantee and Assurance, Inc. for the year ended December 31, 2025 on which we have rendered the attached report dated May 25, 2026.

In compliance with Revised SRC Rule 68, we are stating that the said Company has seven (7) stockholders owning one hundred (100) or more shares each.

For the Firm: **MENDOZA TUGANO & CO., CPAs**

PAMELA GRACE S. TANGSO
Partner
CPA Certificate No. 118635
BOA Accreditation No. 9682/P-003
Valid from May 08, 2024 to July 18, 2026
SEC Accreditation No. 118635-SEC (Group A),
February 26, 2026, valid until February 25, 2031
TIN 249-790-835
BIR Accreditation No. 08-008188-003-2024,
December 03, 2024, valid until December 02, 2027
IC Accreditation No. IC-EA-2025-0082-N,
Valid for a period of three covered audit years from 2025 to 2027
PTR No. 10789462, January 27, 2026, Makati City

May 25, 2026

MENDOZA
Tugano & Co., CPAs

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SEC Accreditation No. 9862-SEC (Group A)
Issued February 26, 2026
Valid for Financial Periods 2025-2029

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Prudential Guarantee and Assurance, Inc.
Coyiuto House 119 C. Palanca Street,
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prudential Guarantee and Assurance, Inc. ("the Company"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the statements of comprehensive income, statement of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

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

Emphasis of Matter

As discussed in Note 33 to the financial statements, certain comparative figures for the year ended December 31, 2024 were restated in the 2025 financial statements to reflect the reclassification of deposits for future stock subscription to capital stock and the reclassification of certain cash flows within the statement of cash flows. The restatement pertains solely to presentation and classification matters and did not affect previously reported total assets, total liabilities, total equity, net income, retained earnings, or total net increase (decrease) in cash and cash equivalents. Our opinion is not modified in respect of this matter.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 decision 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 continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement 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 Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Prudential Guarantee and Assurance, Inc. taken as a whole. The supplementary information required by the Bureau of Internal Revenue as disclosed in Note 34 to the financial statements are presented for purposes of filing with the Bureau of Internal Revenue and are not required parts of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA TUGANO & CO., CPAs**

PAMELA GRACE S. TANGSO
Partner
CPA Certificate No. 118635
BOA Accreditation No. 9682/P-003
Valid from May 08, 2024 to July 18, 2026
SEC Accreditation No. 118635-SEC (Group A),
February 26, 2026, valid until February 25, 2031
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Valid for a period of three covered audit years from 2025 to 2027
PTR No. 10789462, January 27, 2026, Makati City

May 25, 2026

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Notes	2025	2024 (As restated)
ASSETS			
Cash and cash equivalents	2, 4, 29	**₱4,561,166,014**	₱4,870,068,766
Short-term investments	2, 5, 29	**176,773,592**	17,640,569
Insurance receivables – net	2, 6, 29	**4,812,207,603**	4,937,453,536
Financial assets	2, 7, 29		
Financial assets at fair value through profit or loss		**1,939,882,214**	2,150,834,125
Available-for-sale financial assets		**420,794,373**	377,027,373
HTM financial assets		**747,384,923**	518,365,868
Loans and receivables – net		**36,374,248**	54,653,763
Deferred acquisition costs	2, 8	**887,509,195**	1,210,828,012
Reinsurance assets	2, 9, 14	**8,909,054,641**	6,637,123,287
Property and equipment – net	2, 11, 30	**1,458,081,581**	1,251,852,880
Investment properties	2, 10, 30	**1,068,923,202**	961,910,294
Intangible assets – net	2, 12	**119,598,328**	119,554,812
Right-of-use assets	2, 28	**153,230,068**	183,897,577
Net pension asset	2, 17	**96,243,060**	79,251,815
Deferred tax assets – net	2, 26	**–**	5,833,393
Other assets	2, 13	**880,470,881**	816,320,884
TOTAL ASSETS		**₱26,267,693,923**	₱24,192,616,954
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	2, 14	**₱13,629,621,810**	₱11,639,067,072
Insurance payables	15, 29	**4,499,029,895**	4,928,578,250
Accounts payable and accrued expenses	2, 16, 29	**2,758,053,674**	2,721,114,304
Lease liabilities	2, 28, 29	**169,051,339**	198,758,755
Deferred reinsurance commissions	2, 8	**117,292,314**	98,448,275
Deferred tax liabilities – net	2, 26	**39,545,579**	–
Other liabilities	18, 29	**1,030,961,665**	1,065,859,229
Total Liabilities		**22,243,556,276**	20,651,825,885
Equity	2, 19		
Capital stock		**2,750,000,000**	2,750,000,000
Contributed surplus		**23,691,470**	23,691,470
Contingency surplus		**139,066,267**	139,066,267
Revaluation reserve on:			
Available-for-sale financial assets		**203,374,974**	140,730,473
Property and equipment		**473,043,390**	415,991,346
Remeasurement loss on defined benefit plan		**(109,249,150)**	(116,385,734)
Retained earnings		**544,210,696**	187,697,247
Total Equity		**4,024,137,647**	3,540,791,069
TOTAL LIABILITIES AND EQUITY		**₱26,267,693,923**	₱24,192,616,954

See accompanying Notes to Financial Statements.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Notes	2025	2024 (As restated)
Gross premiums earned	2, 22	**₱14,837,650,888**	₱14,176,702,133
Reinsurers' share of gross premiums earned	2, 22	**(8,784,587,628)**	(9,959,945,378)
NET PREMIUMS EARNED		**6,053,063,260**	4,216,756,755
Commission income	2	**220,647,640**	217,905,561
Foreign currency exchange gains – net		**90,976,081**	66,801,768
Investment and other income	2, 21	**430,530,154**	408,506,479
Other income – net	2, 23	**157,259,420**	365,308,878
OTHER INCOME		**899,413,295**	1,058,522,686
TOTAL INCOME		**6,952,476,555**	5,275,279,441
Gross insurance contract benefits and claims paid	2	**3,561,938,321**	3,302,228,765
Reinsurers' share of insurance contract benefits and claims paid		**(1,419,420,048)**	(1,212,301,022)
Gross change in insurance contract benefits and claims liabilities		**2,261,159,298**	179,400,402
Reinsurers' share of change in insurance contract benefits and claims liabilities		**(1,717,899,992)**	(1,028,931,686)
NET INSURANCE CONTRACT BENEFITS AND CLAIMS	24	**2,685,777,579**	1,240,396,459
Commission expense	2	**2,080,281,051**	2,392,410,559
Other underwriting expenses	2	**111,734,743**	131,906,103
General expenses	2, 25	**1,599,570,288**	1,472,379,900
Interest expense		**14,631,311**	18,786,841
OTHER EXPENSES		**3,806,217,393**	4,015,483,403
TOTAL INSURANCE CONTRACT BENEFITS, CLAIMS AND OTHER EXPENSES		**6,491,994,972**	5,255,879,862
INCOME BEFORE INCOME TAX		**460,481,583**	19,399,579
PROVISION FOR (BENEFIT FROM) INCOME TAX	2, 26	**103,968,134**	(21,387,151)
NET INCOME		**₱356,513,449**	₱40,786,730

See accompanying Notes to Financial Statements.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Notes	2025	2024 *(As restated)*
NET INCOME		**356,513,449**	40,786,730
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:			
Net changes in the revalution reserve on available-for-sale financial assets	7	**62,644,501**	25,384,013
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on defined benefit plan, net of tax effect	17	**7,136,584**	(16,374,940)
Change in revaluation reserve on property and equipment, net of tax effect	11	**57,052,044**	52,536,027
		64,188,628	36,161,087
TOTAL COMPREHENSIVE INCOME		**₱483,346,578**	₱102,331,830

See accompanying Notes to Financial Statements.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Capital Stock	Contributed Surplus	Contingency Surplus	Deposits for Future Subscription	Reserve on Available-for-Sale Financial Assets	Revaluation Reserve on Property and Equipment	Remeasurement Gain (Loss) on Defined Benefit Plan	Retained Earnings	Total
Balances at December 31, 2023	**₱1,500,000,000**	**₱23,691,470**	**₱139,066,267**	**₱1,250,000,000**	**₱115,346,460**	**₱363,455,319**	**(₱100,010,794)**	**₱146,910,517**	**₱3,438,459,239**
Net income in 2024	–	–	–	–	–	–	–	40,786,730	40,786,730
Other comprehensive income (loss) in 2024	–	–	–	–	25,384,013	52,536,027	(16,374,940)	–	61,545,100
Total comprehensive income (loss) in 2024	–	–	–	–	25,384,013	52,536,027	(16,374,940)	40,786,730	102,331,830
Reclassification of deposits for future subscription to capital stock (Notes 19 and 33)	1,250,000,000			(1,250,000,000)					
Balances at December 31, 2024 *(As restated)*	**₱2,750,000,000**	**₱23,691,470**	**₱139,066,267**	**₱–**	**₱140,730,473**	**₱415,991,346**	**(₱116,385,734)**	**₱187,697,247**	**₱3,540,791,069**
Net income in 2025	–	–	–	–	–	–	–	356,513,449	356,513,449
Other comprehensive income in 2025	–	–	–	–	62,644,501	57,052,044	7,136,584	–	126,833,129
Total comprehensive income in 2025	–	–	–	–	62,644,501	57,052,044	7,136,584	356,513,449	483,346,578
Balances at December 31, 2025	**₱2,750,000,000**	**₱23,691,470**	**₱139,066,267**	**₱–**	**₱203,374,974**	**₱473,043,390**	**(₱109,249,150)**	**₱544,210,696**	**₱4,024,137,647**

See accompanying Notes to Financial Statements.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Notes	2025	2024 *(As restated)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱460,481,583**	₱19,399,579
Adjustments for:			
Provision for credit and impairment losses on:			
Insurance receivables	6	**66,227,814**	–
Loans and receivables	7	**43,689**	–
Investment properties	10	**6,843,000**	–
Depreciation and amortization	11, 12, 25, 28	**181,180,100**	163,579,935
Interest expense on lease liabilities	28, 32	**14,631,311**	18,786,841
Pension benefit expense	17, 25	**20,524,201**	17,218,815
Foreign exchange gains – net	5	**(2,269,477)**	–
Fair value gains on financial assets at fair value through profit or loss	7, 21	**(77,576,626)**	(55,618,283)
Dividend income	7, 21	**(13,031,891)**	(14,184,916)
Interest income	4, 5, 7, 21	**(205,055,101)**	(254,462,881)
Fair value gain on investment properties	10, 21	**(105,868,408)**	(55,684,764)
Income (loss) before working capital changes		**346,130,195**	(160,965,674)
Decrease (increase) in:			
Insurance receivables		**59,018,119**	(266,114,337)
Loans and receivables		**(2,338,057)**	11,263,641
Deferred acquisition costs		**323,318,817**	(96,479,726)
Reinsurance assets		**(2,271,931,354)**	(75,662,696)
Other assets		**(64,149,997)**	(229,863,138)
Increase (decrease) in:			
Insurance contract liabilities		**1,990,554,738**	(224,945,052)
Insurance payables		**(429,548,355)**	793,658,894
Accounts payable and accrued expenses		**36,939,370**	758,963,950
Deferred reinsurance commissions		**18,844,039**	(28,144,878)
Other liabilities		**(34,897,564)**	40,677,341
Net cash provided by (used in) operations		**(28,060,049)**	522,388,325
Income taxes paid		**(79,985,372)**	(48,196,962)
Contribution to pension plan		**(28,000,000)**	(24,000,000)
Net cash provided by (used in) operating activities		**(136,045,421)**	450,191,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals and maturities of:			
Short-term investments	5	**17,640,569**	780,056,688
Financial assets at fair value through profit or loss	7	**2,641,015,730**	1,366,891,348
Available-for-sale financial assets	7	**18,877,500**	13,200,000
Held-to-maturity financial assets	7	**362,000,000**	242,000,000
Property and equipment	11	**4,201,920**	966,667

(Forward)

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	Notes	2025	2024 *(As restated)*
Acquisitions of:			
Property and equipment	11	**(198,557,877)**	(232,998,498)
Investment properties	10	**(7,987,500)**	–
Intangible assets	12	**(39,248,174)**	(70,874,307)
Short-term investments	5	**(174,504,114)**	(17,640,569)
Financial assets at fair value through profit or loss	7	**(2,352,487,193)**	(1,966,956,079)
Held-to-maturity financial assets	7	**(574,203,917)**	(302,461,819)
Proceeds from advances to stockholders	7	**20,573,883**	15,722,770
Interest received		**188,239,963**	269,023,453
Dividends received		**13,031,891**	14,565,124
Net cash provided by (used in) investing activities		**(81,407,319)**	111,494,778
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	28	**(91,450,012)**	(87,064,622)
Net cash used in financing activities		**(91,450,012)**	(87,064,622)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(308,902,752)**	474,621,519
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**4,870,068,766**	4,395,447,247
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱4,561,166,014**	₱4,870,068,766

See accompanying Notes to Financial Statements.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Prudential Guarantee and Assurance, Inc. ("the Company") was incorporated in the Philippines to engage in the business and operation of all kinds of insurance on sea, land and air, of properties, goods and merchandise, transportation or conveyance, against fire, earthquake, marine perils, accidents and all other forms and lines of insurance authorized by law, except life insurance. It has a certificate of authority issued by the Insurance Commission (IC) to transact in non–life insurance business until December, 31, 2027.

The Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 20, 1950. On March 8, 1999, it was approved by at least a majority of the Board of Directors (BOD) and the stockholders owning and representing at least two-thirds of the outstanding capital stock, that the Articles of Incorporation will be amended to extend the existence of the Company to another fifty years from its original expiry date. The SEC approved the Amended Articles of Incorporation on September 27, 1999.

The registered office address of the Company is Coyiuto House, 119 C. Palanca, Street, Legaspi Village, Makati City.

The accompanying financial statements were approved and authorized for issue by the BOD of the Company on May 25, 2026.

2. Material Accounting Policy Information

2.1 Statement of Compliance

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

2.2 Basis of Measurement

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale (AFS) financial assets, investment properties, certain property and equipment and the net pension asset/obligation which has been measured at present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any).

2.3 Functional and Presentation Currency

The financial statements are measured in Philippine Peso (₱), which is also the Company's functional currency. All values are rounded off to the nearest Peso, unless otherwise indicated.

2.4 New Standards, Interpretations, and Amendments

2.4.1 New standards and amendments effective beginning on or after January 1, 2025

The following standards and amendments have become effective for the annual periods commencing on or after January 1, 2025.

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

- Amendments to PAS 21, Lack of Exchangeability
  The amendments define exchangeability, set guidance when exchangeability is lacking, and require disclosures on how non-exchangeable currencies affect the financial statements. These are effective for annual periods beginning on or after January 1, 2025.

2.5 Future Changes in Accounting Policies

The standards and interpretations that were issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards when they become effective. Unless otherwise stated, adoption of these standards and interpretations are not expected to have any significant impact on the financial statements of the Company.

2.5.1 Effective on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*

2.5.2 Effective on or after January 1, 2027

- Amendments to PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 17, *Insurance Contracts*

2.5.3 Deferred effectivity

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

2.6 Product Classification

2.6.1 Insurance Contracts

Insurance contracts are those contracts where 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.

2.6.2 Investment Contracts

Investment Contracts mainly transfer financial risk but can also transfer insignificant risk. 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 has expired. Investment contracts can however be reclassified as insurance contracts after inceptions if the insurance risk becomes significant.

2.7 Foreign Currency Transactions and Translations

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of the reporting period. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. All foreign exchange differences are recognized in the statement of income, except where it relates to equity securities where gains or losses are recognized in other comprehensive income.

2.8 Fair Value Measurement

The Company measures financial instruments, such as financial assets at FVPL and AFS financial assets, at fair value at each reporting date.

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 of 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 of input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

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

For 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.

2.9 Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and are subject to an insignificant risk of changes in value.

2.10 Short-term Investments

Short term investments are short-term placements with maturities of more than three (3) months but less than one (1) year from the date of acquisition. These earn interest at the respective short-term investment rates and may be denominated in either Philippine Peso or foreign currencies.

2.11 Insurance Receivables

Insurance receivables are recognized on policy inception dates and measured on initial recognition at the fair value of the consideration receivable for the period of coverage. Subsequent to initial recognition, insurance receivables are measured at amortized cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

Insurance receivables are derecognized applying the derecognition criteria for financial assets.

2.12 Financial Instruments

2.12.1 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.

2.12.2 Initial Recognition of Financial instruments

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in the case of a liability). Except for financial instruments at FVPL, the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: financial assets at FVPL, AFS financial assets, HTM financial assets, and loans and receivables. The Company classifies its financial liabilities into financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market.

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

As of December 31, 2025 and 2024, the Company's financial instruments include financial assets at FVPL, AFS financial assets, HTM financial assets, loans and receivables and other financial liabilities.

2.12.3 "Day 1" Difference

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

2.12.4 "Financial Assets or Financial Liabilities at FVPL"

This category consists of financial assets or financial liabilities that are held for trading or those designated by management as at FVPL on initial recognition. Derivative instruments, except those covered by hedge accounting relationships, are also classified under this category.

Financial assets or financial liabilities may be designated at initial recognition as at FVPL if the following criteria are met: (a) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or (b) the assets or liabilities are part of a group of financial assets or liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (c) the financial asset or financial liabilities contains an embedded derivative that would need to be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value, with changes in the fair value recorded in the statement of income.

The Company's financial assets at FVPL as of December 31, 2025 and 2024 consist of Philippine Peso-denominated treasury bills and notes which are held for trading purposes. There are no financial liabilities at FVPL as of December 31, 2025 and 2024.

2.12.5 "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. For AFS debt securities, the effective yield component of it, as well as the impact of restatement on foreign currency-denominated debt securities, is reported in the statement of income. Interest earned on holding AFS financial assets are recorded as interest income in the statement of income using the effective interest rate. Dividends earned on holding AFS financial assets are recognized in the statement of income when the right to receive the payment has been established.

The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as "Revaluation reserve on available-for-sale financial assets" in the equity section of the statement of financial position. The losses arising from impairment of such investments are recognized as "Impairment losses on AFS financial assets" lodged under "Investment and other income – net". When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized in the statement of income. Where the Company holds more than one investment in the same security, the cost used is determined using the weighted average method.

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

The Company's AFS financial assets as of December 31, 2025 and 2024 consist primarily of listed shares (common and preferred) in the Philippine Stock Exchange and country and club shares which were designated as AFS financial assets upon initial recognition.

As of December 31, 2025 and 2024, the Company has AFS financial assets amounting to ₱420.79 million and ₱377.03 million, respectively.

2.13 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.

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. After initial measurement these investments are subsequently measured at amortized cost using the effective interest method, less any 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. Gains and losses are recognized in income when the HTM financial assets are derecognized and impaired, as well as through the amortization process. The losses arising from impairment of such investments are recognized in the statement of income. The effects of restatement on foreign currency-denominated HTM financial assets are recognized in the statement of income.

As of December 31, 2025 and 2024, the Company has HTM financial assets amounting to ₱747.38 million and ₱518.37 million, respectively.

2.14 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 at FVPL or AFS financial assets.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less any 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 recorded as interest income in the statement of income. The loss arising from impairment of such loans and receivables are recognized in the statement of income. Any effects of restatement of foreign currency-denominated assets are recognized in the statement of income.

As of December 31, 2025 and 2024, the Company's loans and receivables consist of insurance receivables and employee receivables, interest receivables, mortgage loans receivable and other receivables.

2.15 Other Financial Liabilities

Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

As of December 31, 2025 and 2024, the Company's other financial liabilities consists of insurance payables, accounts payable and accrued expenses excluding statutory liabilities and other liabilities that meet the above definition.

2.16 Impairment of Financial Assets

The Company assesses at each end of the reporting period whether there is objective evidence that a financial asset or a 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 (or events) 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 borrower or a group of borrowers is 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 measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.17 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 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. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of credit risk characteristics such as past-due status and term.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. Time value is generally not considered when the effect of discounting is not material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged against the statement of income. If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

2.18 Write-off

The Company writes off its financial assets (except AFS securities) when it has been established that all efforts to collect and/or recover the loss has been exhausted. This may include the other party being insolvent, deceased or the obligation being unenforceable.

2.19 AFS Financial Assets

In case of equity investments classified as AFS, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its 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 financial asset previously recognized in the statement of income — is removed from other comprehensive income and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in other comprehensive income.

In case of debt instruments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recognized in profit or loss. If subsequently, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

2.20 AFS Financial Assets Carried at Cost

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

2.21 HTM Financial Assets

The Company assesses at each statement of financial position date whether objective evidence of impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the financial asset's original EIR.

If a financial asset carried at amortized cost has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR, adjusted for the original credit risk premium. The losses arising from impairment of such investments are recognized as "Provision for credit and impairment losses" in profit or loss in the statement of income under "General expenses".

2.22 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Company assesses that it has a currently enforceable right to 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.

2.23 Derecognition of Financial Assets and Liabilities

2.23.1 Financial Assets

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

- 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.

Where 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 consideration that the Company could be required to repay.

2.23.2 Financial Liabilities

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

2.24 Reinsurance

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances recoverable from unpaid losses incurred by the Company with coverage from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Reinsurance recoverable on paid losses are included as part of 'Insurance receivables – net'.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises during the reporting year. 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 recorded in the statement of income under 'General expenses'.

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

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

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

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

2.25 Deferred Acquisition Costs (DAC)

Commission and other acquisition costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts are deferred and charged to expense in proportion to the premium revenue recognized. Subsequent to initial recognition, these costs are amortized using 365th method.

Amortization is charged against the statement of income. The unamortized acquisition costs are shown in the assets section of the statement of financial position as "Deferred acquisition costs". All other acquisition costs are recognized as incurred.

An impairment review is performed at each end of the reporting period or more frequently when an indication of impairment arises. The carrying value is written down to the recoverable amount and the impairment loss is charged to the statement of income. The DAC is also considered in the liability adequacy test for each end of the reporting date.

2.26 Investment Property

Investment property is measured initially at cost, including transaction costs. Investment property pertains to property that is held to earn rent income or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. Subsequent to initial recognition, investment properties are stated at fair values determined by an independent firm of appraisers. Gains or losses arising from changes in the fair values of investment properties are included in the Company statement of income for the period in which they arise.

Investment property being constructed is included under the investment property account until the time when the construction related activities necessary to prepare the investment property for the intended use are complete. Investment property being constructed is carried at cost when the fair value cannot be reliably determined.

Transfers are made to investment property when there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Investment properties are derecognized either when they have been disposed or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Company statement of income.

2.27 Property and Equipment

Property and equipment, except for land and buildings, are stated at cost, net of accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are charged to income in the period in which the costs 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 an additional cost of property and equipment.

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

Accumulated depreciation as of the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation is calculated using the straight-line method over the estimated useful life of the corresponding asset. Leasehold improvements are amortized over the shorter of the related lease term or the estimated useful life. The estimated useful lives of items of property and equipment are as follows:

Property and Equipment	Years
Office furniture, fixtures and equipment	5-10
Transportation equipment	5-10
Leasehold improvements	10*
Building and building improvements	20

**or term of the lease contract, whichever is shorter*

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation are credited to or charged against the current operations.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and impairment in value are removed from the accounts and any gain or loss resulting from their disposals is credited to or charged against the current operations.

2.28 Intangible Assets

The Company's intangible assets pertain to its computer software. Cost associated with the acquisition or maintaining computer software programs are recognized as expense when incurred. Costs that are directly associated with identifiable and unique software controlled by the Company, which will generate economic benefits beyond one (1) year, are recognized as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalized and added to the original cost of the software. Computer software development costs that meet the recognition criteria under PFRS are capitalized and subsequently carried at cost less accumulated amortization and any impairment losses. The costs are amortized using the straight-line method over their estimated useful lives of five (5) years.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. When such indication exists, the recoverable amount is estimated and impairment loss is recognized when the carrying amount exceeds the recoverable amount.

2.29 Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment, investment property (except those measured at fair value), computer software, and right-of-use asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining estimated useful life.

2.30 Creditable Withholding Taxes (CWTs)

Creditable withholding taxes pertain to the taxes paid by the Company withheld by its counterparty for the payment of its expenses and other purchases. These CWTs are initially recorded at cost and included as part of "Other assets" in the statement of financial position.

CWTs may either be offset against income tax payable or be claimed as a refund from the taxation authorities at the option of the Company. If these CWTs are claimed as a refund, these will be recorded as a receivable under "Loans and receivables" in the statement of financial position.

At each end of the reporting period, an assessment for impairment is performed to assess the recoverability of the Company's CWTs.

2.31 Value-Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Other assets" or "Accounts payable and accrued expenses" in the statement of financial position.

2.32 Insurance Contract Liabilities

2.32.1 Provision for Unearned Premiums

The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 365th method. The change in the provision for unearned premiums is taken to the statement of income in the order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

2.32.2 Provision for Claims Reported and Incurred But Not Reported (IBNR) Losses

Provision for claims reported and IBNR losses are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the reporting date.

The IBNR losses are calculated based on standard actuarial projection techniques or combination of such techniques, such as but not limited to the chain ladder method, the expected loss ratio approach, the Bornhuetter-Ferguson method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

2.32.3 Liability Adequacy Test

At each reporting date, liability adequacy tests are performed, to ensure the adequacy of insurance contract liabilities, net of related DAC assets. In performing the test, current best estimates of future cash flows, claims handling and policy administration expenses are used. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy is immediately charged to profit or loss by establishing an unexpired risk provision for losses arising from the liability adequacy tests. The provision for unearned premiums is increased to the extent that the future claims and expenses in respect of current insurance contracts exceed future premiums plus the current provision for unearned premiums.

2.33 Net Pension Asset/Obligation

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

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of the net defined benefit liability or asset

Service cost includes current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service cost is recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information.

When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

2.34 Equity

Capital stock represents the value of shares that have been issued at par. Proceeds and or fair value of considerations received in excess of par value, if any, are recognized as part of "Contributed surplus". The transaction costs incurred as a necessary part of completing an equity transaction are accounted for as part of the transaction and are deducted from "Contributed surplus".

Contingency surplus pertains to capital infusions of shareholders to cover any deficiency in the solvency requirements by the Philippine IC and can be withdrawn only upon approval of the same.

Retained earnings include all the accumulated earnings of the Company less any dividends declared.

2.35 Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

The Company follows a five-step model to account for revenue arising from contracts with customers. The five-step model is as follows:

a. Identify the contract(s) with a customer
b. Identify the performance obligations in the contract
c. Determine the transaction price
d. Allocate the transaction price to the performance obligation in the contract
e. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company exercises its judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

2.35.1 Revenues Outside the Scope of PFRS 15

The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Other income

Other income is recognized in the profit or loss as it accrues when there is reasonable degree of certainty as to its collectability. This includes income charged to related parties and counterparties for administrative services.

2.35.2 Revenues Outside the Scope of PFRS

2.35.2.1 Premium revenue

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the inception date of the policy. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums are recognized as revenue over the period of the contracts using the 365th method. The portion of the premiums written and assumed that relate to the unexpired periods of the policies as of reporting date are accounted for as provision for unearned premiums and presented as part of "Insurance contract liabilities" in the statement of financial position. The related reinsurance premiums that pertain to the unexpired periods at reporting date are accounted for as deferred reinsurance premiums and presented as part of "Reinsurance assets" in the statement of financial position. The net changes in these accounts between reporting dates are charged against or credited to income or loss for the year.

2.35.2.2 Commission income

Commissions earned from short-duration insurance contracts are recognized as revenue over the period of contracts using the 365th method. The portion of the commissions that relates to the unexpired periods of the policies at the reporting date are accounted for as part of "Deferred reinsurance commissions" and presented in the statement of financial position.

2.35.2.3 Interest income

Interest income is recognized in the statement of income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium using the effective interest method. Interest income is recognized in the statement of income as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium using the effective interest method.

2.35.2.4 Dividend income

Dividend income is recognized when the Company's right to receive the payment is established.

2.35.2.5 Rental income

Rental income is recognized on a straight-line basis over the term of the lease agreement.

2.36 Expense Recognition

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

2.36.1 Benefits and Claims

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

Amounts receivable in respect of salvage and subrogation are also considered and are offset against the related claims. Insurance claims are recorded on the basis of notification received.

2.36.2 Other Underwriting Expenses

Other underwriting expense pertains to the costs incurred by the Company prior to the issuance of policies to its policyholders. These costs include expenses for technical inspections, actuarial reviews and other work that is necessary to determine whether or not to accept the risks to be written. These costs are recognized as expense as they are incurred.

2.36.3 General Expenses

General expenses are recognized in the statement of income as they are incurred.

2.37 Company as a Lessee

Operating leases represent those leases under which substantially all risks and rewards of ownership of the leased assets remains with the lessor. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

2.38 Company as a Lessor

Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

2.39 Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.39.1 Right-of-use Asset

The Company recognizes right-of-use 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 lease term.

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

2.39.2 Lease liabilities

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

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

2.39.3 Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of twelve (12) months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value (i.e. ₱0.03 million or less).

Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

2.40 Income Tax

2.40.1 Current Tax

Current tax assets and liabilities 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 end of the reporting period.

Current income tax for current and prior periods, shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as prepaid income tax included as part of "Other assets" in the statement of financial position.

2.40.2 Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward benefit of the excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of MCIT and unused NOLCO can be utilized.

Deferred income tax that relates to items that are recognized (a) in other comprehensive income shall be recognized in other comprehensive income and (b) directly in equity shall be recognized directly in equity account.

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

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the year 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. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are credited to or charged against income or loss for the period.

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

2.41 Provisions

Provisions are recognized only when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

2.42 Contingencies

Contingent liabilities are not recognized in the financial statements.

They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the statement of income.

2.43 Events After the End of the Reporting Date

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

3. Significant Accounting Judgments and Estimates

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

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

3.1 Judgments

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

3.1.1 Provisions

Provisions pertain to estimated liabilities recognized by the Company based on management's assessment of probable obligations arising from claims, assessments, and other contingencies. The Company recognizes provisions based on management's and legal counsel's assessment of the probable outcome of claims and other contingencies arising in the ordinary course of business.

Provisions for estimated liabilities amounted to ₱836.72 million and ₱384.42 million as of December 31, 2025 and 2024, respectively (see Note 16).

3.1.2 Classification of Financial Assets

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 Notes 7 and 29.

3.1.3 Determination of Lease Term of Contracts with Renewal and Termination Options Under PFRS 16 – Company as a lessee

The Company has several lease contracts that include extension and termination options. Under PFRS 16, the Company applies judgment in evaluating whether it is reasonably certain to exercise or not 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 Company did not consider the renewal options in determining the lease term of the contracts since it is subject to mutual agreement by the Company and the lessors.

3.1.4 Distinction between Property and Equipment and Investment Property

The Company determines whether a property qualifies as property and equipment or investment property. In making its judgment, the Company considers whether the property is held for use in the supply of services, or is held for capital appreciation, and to earn rentals, in which case the property shall be classified as property and equipment or investment property, respectively, as the case may be. The Company considers each property separately in making its judgment.

Where a single property is partly held for use in the supply of services and partly for capital appreciation or rentals and that the property cannot be separately sold or leased out under a finance lease, the property is considered by management as investment property only if an insignificant portion is held for use in the supply of services.

As of December 31, 2025 and 2024, the carrying value of property and equipment amounted to ₱1,458.08 million and ₱1,251.85 million, respectively (see Note 11), while the carrying value of investment properties amounted to ₱1,068.92 million and ₱961.91 million, respectively (see Note 10).

3.2 Estimates

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

3.2.1 Valuation of insurance Contract Liabilities

For nonlife insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of the IBNR claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position claims provision. The IBNR provision of the Company has been calculated using standard actuarial projection techniques using past development patterns to determine the expected future development and project the claim amounts for each accident year to itsultimate value. A number of different valuation methodologies have been adopted, each with their own strengths and blended them together which include: (a) paid chain ladder method (with and without Bornhuetter–Ferguson (BF) adjustments); (b) reported chain ladder method (with and without BF adjustments); and (c) expected loss ratio method. At each reporting date, prior year claims estimates are reassessed for adequacy and changes made are charged to provision.

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

The carrying value of claims reported and IBNR amounted to ₱7,888.95 million and ₱5,627.79 million as of December 31, 2025 and 2024, respectively (see Note 14).

3.2.2 Impairment of AFS Equity Financial Assets

The Company determines that AFS equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is 'significant' or 'prolonged' requires judgment. The Company treats 'significant' generally as 20% or more and 'prolonged' as greater than twelve months for equity securities. In addition, the Company evaluates among other factors, the normal volatility in share price for quoted securities, and the future cash flows and the discount factors for unquoted securities. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operating and financing cash flows.

As of December 31, 2025 and 2024, the carrying value of the Company's AFS equity financial assets amounted to ₱420.79 million and ₱377.03 million, respectively. Impairment losses recognized in 2025 and 2024 amounted to nil (see Note 7).

3.2.3 Estimation of Allowance for Credit Losses on Receivables

The Company maintains an allowance for credit losses at a level considered adequate to provide for potential uncollectible receivables. 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, the length of the Company's relationship with the debtor, the debtor's payment behavior and known market forces. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates.

The carrying values of insurance receivables amounted to ₱4,812.21 million and ₱4,937.45 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, allowance for credit losses on insurance receivables amounted to ₱167.51 million and ₱101.29 million, respectively (see Note 6).

3.2.4 Estimation of Useful Lives of Property and Equipment and Computer Software

The Company reviews annually the estimated useful lives of property and equipment and computer software based on expected asset utilization. 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.

As of December 31, 2025 and 2024, the carrying value of property and equipment amounted to ₱1,458.08 million and ₱1,251.85 million, respectively (see Note 11), while the carrying value of intangible assets amounted to ₱119.60 million and ₱119.55 million, respectively (see Note 12).

3.2.5 Evaluation of Impairment of Property and Equipment, Computer Software, and Right-of-Use Asset

The Company assesses the impairment of its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the assets; and
- significant negative industry or economic trends.

As of December 31, 2025 and 2024, the Company did not recognize impairment losses on these non-financial assets (see Note 11).

3.2.6 Fair Values of Land and Buildings Classified as Investment Property and Property and Equipment

The fair value of the land is derived from the current market prices of comparable properties while the fair value of building is derived from the current costs of the components of building and building improvements with adjustments on the depreciation and comparison with similar properties. The fair value of land and buildings is based on a valuation of an independent appraiser that has experience in valuing property in the same location as the Company's land and buildings. The Company's land and buildings were appraised by an independent firm of appraisers.

As of December 31, 2025 and 2024, the fair value of land and building classified as investment property amounted to ₱1,068.92 million and ₱961.91 million, respectively, and property and equipment amounted to ₱1,243.36 million and ₱1,111.54 million, respectively (see Notes 10 and 11).

3.2.7 Estimation of Pension Obligation

The determination of pension obligation and cost of pension is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates.

Due to the long-term nature of this plan, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date. In accordance with PAS 19, actual results that differ from the Company's assumptions are recognized immediately in other comprehensive income in the period in which they arise. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations. See Note 17 for the related balances.

The carrying value of net pension asset as of December 31, 2025 and 2024, amounted to ₱96.24 million and ₱79.25 million, respectively (see Note 17).

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱598,000**	₱598,000
Cash in banks	**1,188,017,800**	1,398,414,483
Cash equivalents	**3,372,550,214**	3,471,056,283
	₱4,561,166,014	₱4,870,068,766

Cash in banks earn annual interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three (3) months from the date of acquisition depending on the immediate cash requirements of the Company. The annual interest rates of cash equivalents range from 3.125% to 5.25% in 2025 and 3.125% to 6.05% in 2024. Interest income earned on cash and cash equivalents in 2025 and 2024 amounted to ₱156.74 million and ₱181.90 million, respectively (see Note 21). Interest accrued on cash and cash equivalents amounted to ₱9.63 million and ₱12.58 million as of December 31, 2025, and 2024, respectively (see Note 7).

5. Short-term Investments

The roll forward analysis of this account follows:

	2025	2024
On January 1	**₱17,640,569**	₱780,056,688
Acquisitions	**174,504,114**	17,640,569
Maturities	**(17,640,569)**	(780,056,688)
Foreign exchange gains	**2,269,477**	–
	₱176,773,591	₱17,640,569

Short-term investments consist of time deposits with maturities of more than three (3) months but less than one (1) year from dates of placement. The annual interest rates of short-term investments range from 3.03% to 4.25% in 2025 and 3.15% to 3.50% in 2024. Interest income earned in 2025 and 2024 amounted to ₱4.40 million and ₱30.07 million, respectively (see Note 21). Accrued interest income amounted to ₱3.26 million and ₱0.15 million as of December 31, 2025, and 2024, respectively (see Note 7).

6. Insurance Receivables – net

This account consists of:

	2025	2024
Due from agents and brokers	**₱4,108,483,164**	₱3,925,913,780
Reinsurance recoverable on paid losses	**662,848,569**	820,738,650
Due from ceding companies	**208,390,175**	292,087,597
	4,979,721,908	5,038,740,027
Less: Allowance for credit losses	**(167,514,305)**	(101,286,491)
	₱4,812,207,603	₱4,937,453,536

The tables below summarize the aging analysis of insurance receivables.

2025

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days
Due from agents and brokers	**₱1,060,178,198**	**₱1,059,064,307**	**₱474,428,764**	**₱300,713,204**
Reinsurance recoverable on paid losses	**183,849,008**	**24,869,317**	**64,620,129**	**14,324,691**
Due from ceding companies	**118,384,316**	**12,876,837**	**264,588**	**2,057,920**
	₱1,362,411,522	**₱1,096,810,461**	**₱539,313,481**	**₱317,095,815**

	121 to 360 days	over 360 days	Allowance for Impairment Losses	Total
Due from agents and brokers	**₱764,349,946**	**₱449,748,745**	**(₱44,170,424)**	**₱4,064,312,740**
Reinsurance recoverable on paid losses	**93,573,592**	**281,611,832**	**(121,875,454)**	**540,973,115**
Due from ceding companies	**35,669,755**	**39,136,759**	**(1,468,427)**	**206,921,748**
	₱893,593,293	**₱770,497,336**	**(₱167,514,305)**	**₱4,812,207,603**

2024

	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days
Due from agents and brokers	₱1,066,235,604	₱599,380,511	₱424,798,914	₱196,351,985
Reinsurance recoverable on paid losses	244,309,865	41,577,410	63,214,368	3,534,420
Due from ceding companies	176,227,326	3,128,889	10,622,564	3,405,402
	₱1,486,772,795	₱644,086,810	₱498,635,846	₱203,291,807

	121 to 360 days	over 360 days	Allowance for Impairment Losses	Total
Due from agents and brokers	₱1,626,533,462	₱12,613,303	(₱44,170,424)	₱3,881,743,355
Reinsurance recoverable on paid losses	115,583,343	352,519,245	(55,647,640)	765,091,011
Due from ceding companies	46,278,579	52,424,837	(1,468,427)	290,619,170
	₱1,788,395,384	₱417,557,385	(₱101,286,491)	₱4,937,453,536

As of December 31, 2025 and 2024, the allowance for impairment losses was determined by management based on specific identification of accounts assessed to be doubtful of collection, taking into consideration payment history, aging profile, and other available information.

7. Financial Assets

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

	2025	2024
Financial assets at FVPL	**₱1,939,882,214**	₱2,150,834,125
AFS financial assets	**420,794,373**	377,027,373
HTM financial assets	**747,384,923**	518,365,868
Loans and receivables – net	**36,374,248**	54,653,763
	₱3,144,435,758	₱3,100,881,129

a. Financial Assets at FVPL

Financial assets at FVPL consist of Philippine Peso-denominated treasury bills and notes which are held for trading purposes.

The movements in the carrying values of financial assets at FVPL as of December 31, 2025 and 2024 are as follows:

	Note	2025	2024
At January 1		**₱2,150,834,124**	₱1,495,151,110
Acquisitions		**2,352,487,193**	1,966,956,079
Disposals		**(2,641,015,730)**	(1,366,891,348)
Fair value gains	21	**77,576,626**	55,618,283
		₱1,939,882,213	₱2,150,834,124

Financial assets at FVPL earned annual interest ranging from nil to 6.25% in 2025 and 2024. Interest income amounted to ₱15.96 million and ₱18.57 million in 2025 and 2024, respectively (see Note 21). Accrued interest receivables amounted to ₱1.14 million and ₱2.10 million (see loans and receivables – net section) in 2025 and 2024, respectively.

b. AFS Financial Assets

This account consists of quoted equity securities.

	2025		2024	
	Cost	**Fair value**	Cost	Fair value
Common shares	**₱190,143,899**	**₱216,824,423**	₱190,143,899	₱161,139,608
Preferred shares	**25,922,500**	**25,819,950**	44,800,000	43,787,765
Club shares	**1,353,000**	**178,150,000**	1,353,000	172,100,000
	₱217,419,399	**₱420,794,373**	₱236,296,899	₱377,027,373

Quoted equity securities include common and preferred shares listed in the Philippine Stock Exchange.

Dividend income earned amounted to ₱13.03 million and ₱14.18 million in 2025 and in 2024, respectively (see Note 21).

The movements in the carrying values of AFS financial assets as of December 31, 2025 and 2024 are as follows:

	2025	2024
On January 1	**₱377,027,372**	₱364,843,359
Fair value gains recognized in other comprehensive income	**62,644,501**	25,384,013
Disposals	**(18,877,500)**	(13,200,000)
	₱420,794,373	₱377,027,372

Impairment losses in 2025 and 2024 amounted to nil.

The movements in revaluation reserve on AFS financial assets as of December 31, 2025 and 2024 are as follows:

	2025	2024
On January 1	**₱140,730,473**	₱115,346,460
Fair value gains recognized in other comprehensive income	**62,644,501**	25,384,013
On December 31	**₱203,374,974**	₱140,730,473

c. Held-to-maturity financial assets
HTM financial assets consist of Philippine Peso-denominated treasury bills, notes and time deposits with terms more than one year and which are held until maturity.

The movements in the carrying values of HTM financial assets as of December 31, 2025 and 2024 are as follows:

	2025	2024
At January 1	**₱518,365,868**	₱446,169,271
Acquisitions	**574,203,917**	302,461,819
Maturities	**(362,000,000)**	(242,000,000)
Amortization of interest	**16,815,138**	11,734,778
	₱747,384,923	₱518,365,868

d. Loans and receivables – net

This account consists of:

	Notes	2025	2024
Employee receivables		**₱12,296,241**	₱12,383,420
Interest receivables from:			
Cash equivalents	4	**9,627,459**	12,581,257
Short-term investments	5	**3,260,838**	149,818
Financial assets at FVPL		**1,138,094**	2,100,703
HTM financial assets		**965,867**	1,327,117
Dividend receivables		**301,406**	383,145
Advances to a shareholder	20	**5,607,962**	26,181,845
Other receivables		**5,212,674**	1,539,062
		38,410,541	56,646,367
Less: Allowance for credit losses		**(2,036,293)**	(1,992,604)
		₱36,374,248	₱54,653,763

Employee receivables pertain to non-interest bearing loans extended by the Company to regular employees. These are collected through deduction from the employees' salaries for a period of not more than one (1) year.

Interest receivables consist of accrued interest income from bonds, special savings account and short-term investments.

Other receivables refer and recoverable medical expenses from health and accident insurance.

The allowance for impairment losses amounted to ₱2.04 and ₱1.99 million in 2025 and 2024, respectively.

8. Deferred Acquisition Costs and Deferred Reinsurance Commissions

a. The movements in deferred acquisition costs as of December 31, 2025 and 2024 are as follows:

	2025	2024
At January 1	**₱1,210,828,012**	₱1,114,348,286
Cost deferred during the year	**1,756,962,234**	2,488,890,285
Amortization during the year	**(2,080,281,051)**	(2,392,410,559)
	₱887,509,195	₱1,210,828,012

b. The movements in deferred reinsurance commissions as of December 31, 2025 and 2024 are as follows:

	2025	2024
At January 1	**₱98,448,275**	₱126,593,153
Income deferred during the year	**239,491,679**	189,760,683
Amortization during the year	**(220,647,640)**	(217,905,561)
	₱117,292,314	₱98,448,275

9. Reinsurance Assets

This account consists of:

	2025	2024
Deferred reinsurance premiums	**₱3,306,096,184**	₱2,752,064,820
Reinsurance recoverable on unpaid losses	**4,257,686,267**	2,623,387,465
Reinsurance recoverable on unpaid losses – claims IBNR	**1,345,272,190**	1,261,671,002
	₱8,909,054,641	₱6,637,123,287

10. Investment Properties

The roll forward analyses of this account is as follows:

	December 31, 2025		
	Land	**Building**	**Total**
At beginning of year	**₱899,723,064**	**₱62,187,230**	**₱961,910,294**
Addition during the year	**–**	**7,987,500**	**7,987,500**
Adjustment (write-off) during the year	**–**	**(6,843,000)**	**(6,843,000)**
Fair value gain during the year (Note 21)	**106,420,868**	**(552,460)**	**105,868,408**
Net book value	**₱1,006,143,932**	**₱62,779,270**	**₱1,068,923,202**

	December 31, 2024		
	Land	Building	Total
At beginning of year	₱848,994,380	₱57,231,150	₱906,225,530
Fair value gain (loss) during the year (Note 21)	50,728,684	4,956,080	55,684,764
Net book value	₱899,723,064	₱62,187,230	₱961,910,294

The investment properties pertain to: (a) parcel of land located in Ternate, Cavite, residential house and lot in Quezon City, and condominium unit with related parking space in Makati City, which were acquired through foreclosure and are held for capital appreciation; (b) parcel of land located in Mandaluyong City intended for the development of a commercial condominium project under a joint venture arrangement with One Nob Hill Realty and Development, Inc., a related party. The related lease arrangement over the property is expected to commence upon completion of the project and issuance of the certificate of occupancy (see Note 20); and (c) land and buildings with mixed use located in Mandaluyong City and Bacolod City, which are being leased out to other parties.

The fair values of the investment properties as of December 31, 2025 and 2024 are based on valuations performed by Cuervo Appraisers, Inc. (CAI), an independent appraiser accredited by the IC and is a specialist in valuing these types of investment properties.

The fair values of the land properties and buildings, representing their highest and best use, were arrived at by using the market and cost approach, respectively. The cost approach is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay. It is based on the reproduction cost (new) or replacement cost (new) of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added. The market approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The Company classifies the fair value of its investment properties under Level 3 in the fair value hierarchy (see Note 30).

The comparison of the acquisition costs and fair value for each type of investment property is as follows:

	2025		
	Land	**Building**	**Total**
Acquisition costs at beginning of year	**₱199,917,033**	**₱35,398,847**	**₱235,315,880**
Addition during the year	–	**7,987,500**	**7,987,500**
Adjustment (write-off) during the year	–	**(7,027,000)**	**(7,027,000)**
Total acquisition costs	**199,917,033**	**36,359,347**	**236,276,380**
Fair value gains at beginning of year	**699,806,031**	**26,788,383**	**726,594,414**
Addition during the year	**106,420,868**	**(552,460)**	**105,868,408**
Adjustment (write-off) during the year	–	**184,000**	**184,000**
Total fair value gains	**806,226,899**	**26,419,923**	**832,646,822**
Net book value	**₱1,006,143,932**	**₱62,779,270**	**₱1,068,923,202**

	2024		
	Land	Building	Total
Acquisition costs	₱199,917,033	₱35,398,847	₱235,315,880
Fair value gains	699,806,031	26,788,383	726,594,414
Net book value	₱899,723,064	₱62,187,230	₱961,910,294

11. Property and Equipment – net

The roll forward analyses of this account follow:

December 31, 2025

	Land	Building	Building Improvements	Office Furniture, Fixtures and Equipment
Cost/revalued amount				
At January 1	₱634,133,736	₱566,585,514	₱–	₱390,090,121
Additions	–	74,344,973	80,930,804	16,343,602
Disposal and other adjustments	–	–	–	–
Revaluation increment	78,796,932	(2,727,540)	–	–
At December 31	712,930,668	638,202,947	80,930,804	406,433,723
Accumulated Depreciation				
At January 1	–	89,177,134	–	350,312,781
Depreciation	–	18,593,423	8,079,262	16,600,332
Disposal and other adjustments	–	–	–	–
At December 31	–	107,770,557	8,079,262	366,913,113
Net book values at end of year	₱712,930,668	₱530,432,390	₱72,851,542	₱39,520,610

	Transportation Equipment	Leasehold Improvements	Total
Cost/revalued amount			
At January 1	₱60,134,651	₱209,720,815	₱1,860,664,837
Additions	4,814,286	22,124,212	198,557,877
Disposal and other adjustments	(4,400,000)	–	(4,400,000)
Revaluation increment	–	–	76,069,392
At December 31	60,548,937	231,845,027	2,130,892,106
Accumulated Depreciation			
At January 1	23,552,858	145,769,184	608,811,957
Depreciation	4,901,369	16,022,262	64,196,648
Disposal and other adjustments	(192,500)	(5,580)	(198,080)
At December 31	28,261,727	161,785,866	672,810,525
Net book values at end of year	₱32,287,210	₱70,059,161	₱1,458,081,581

December 31, 2024

	Land	Building	Office Furniture, Fixtures and Equipment
Cost/revalued amount			
At January 1	₱596,677,620	₱337,131,172	₱374,079,104
Additions	–	196,862,422	16,011,017
Disposal and other adjustments	–	–	–
Revaluation increment	37,456,116	32,591,920	–
At December 31	634,133,736	566,585,514	390,090,121
Accumulated Depreciation			
At January 1	–	72,026,064	329,703,779
Depreciation	–	17,151,070	20,609,002
Disposal and other adjustments	–	–	–
At December 31	–	89,177,134	350,312,781
Net book values at end of year	₱634,133,736	₱477,408,380	₱39,777,340

	Transportation Equipment	Leasehold Improvements	Total
Cost/revalued amount			
At January 1	₱52,723,937	₱198,006,470	₱1,558,618,303
Additions	8,410,714	11,714,345	232,998,498
Disposal and other adjustments	(1,000,000)	–	(1,000,000)
Revaluation increment	–	–	70,048,036
At December 31	60,134,651	209,720,815	1,860,664,837
Accumulated Depreciation			
At January 1	18,898,949	128,734,062	549,362,854
Depreciation	4,687,242	17,035,122	59,482,436
Disposal and other adjustments	(33,333)	–	(33,333)
At December 31	23,552,858	145,769,184	608,811,957
Net book values at end of year	₱36,581,794	₱63,951,631	₱1,251,852,880

As of December 31, 2025 and December 31, 2024, the properties' fair values, representing their highest and best use, are based on valuations performed by CAI, an independent appraiser accredited by the Insurance Commission and is a specialist in valuing these types of properties.

The fair values of the buildings were arrived at by using the cost approach, whereas the land properties were estimated using the market approach. The cost approach is a comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is a replica of, or equivalent to, the original or one that could furnish equal utility with no undue cost resulting from delay.

It is based on the reproduction cost (new) or replacement cost (new) of the subject property or asset, less total (accrued) depreciation, plus the value of the land to which an estimate of entrepreneurial incentive or developer's profit/loss is commonly added. The market approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The Company classifies the fair values of its property and equipment under Level 3 in the fair value hierarchy (see Note 30).

Had the land and buildings been accounted for using the cost model, the carrying amounts as of December 31, 2025, and 2024 would have been as follows:

	2025		
	Land	**Building**	**Total**
Acquisition costs	**₱75,357,374**	**₱642,742,980**	**₱718,100,354**
Accumulated depreciation	**–**	**(172,071,802)**	**(172,071,802)**
Net book value	**₱75,357,374**	**₱470,671,178**	**₱546,028,552**

	2024		
	Land	Building	Total
Acquisition costs	₱75,357,374	₱568,398,007	₱643,755,381
Accumulated depreciation	–	(153,478,379)	(153,478,379)
Net book value	₱75,357,374	₱414,919,628	₱490,277,002

Included under 'building' are expenses paid by the Company related to the development of a commercial condominium project located in Mandaluyong City in accordance with the joint venture agreement with One Nob Hill Realty and Development Inc. The said expenses were recognized as construction in progress and as part of 'building' under 'property and equipment – net' in the statements of financial position amounting to ₱452.27 million and ₱299.17 million as of December 31, 2025 and 2024, respectively.

The cost of fully depreciated property and equipment still used in operations amounted to ₱403.85 million and ₱392.74 million as of December 31, 2025 and 2024, respectively.

Details of depreciation and amortization in the statement of income are as follows:

	Notes	2025	2024
Property and equipment		**₱64,196,648**	₱59,482,436
Intangible assets	12	**39,204,658**	30,058,779
Right-of-use assets	28	**77,778,794**	74,038,719
		₱181,180,100	₱163,579,934

12. Intangibles Assets – net

The Company's intangible assets pertain to its computer software. The roll forward analyses follows:

	Note	2025	2024
Cost			
At January 1		**₱216,475,934**	₱145,601,627
Additions		**39,248,174**	70,874,307
At December 31		**255,724,108**	216,475,934
Accumulated Amortization			
At January 1		**96,921,122**	66,862,341
Amortization	25	**39,204,658**	30,058,781
At December 31		**136,125,780**	96,921,122
Net Book Value		**₱119,598,328**	₱119,554,812

No impairment losses were recognized on intangible assets in 2025 and 2024.

13. Other Assets

This account consists of:

	2025	2024
Creditable withholding taxes	**₱438,188,684**	₱292,902,535
Input VAT	**177,217,060**	122,925,595
Deferred input VAT	**174,448,664**	229,858,562
Prepayments	**42,033,918**	35,092,428
Security deposits	**29,571,822**	29,210,432
Salvage recoveries – total loss units	**17,491,000**	20,714,869
Claims fund	**7,391,849**	7,391,849
Documentary stamps inventory	**1,122,820**	85,220,870
Security fund	**105,814**	104,494
	887,571,631	823,421,634
Less: Allowance for impairment	**(7,100,750)**	(7,100,750)
	₱880,470,881	₱816,320,884

Creditable withholding taxes represent the taxes withheld at source by the counterparties which can be applied against future income tax liability.

Input VAT pertains to unclaimed VAT from paid purchases or expenses from various brokers, agents and suppliers as of December 31, 2025 and 2024.

Deferred input VAT pertains to VAT on unpaid purchases or expenses from various brokers, agents and suppliers.

Prepayments pertain to cash paid in advance by the Company in relation to its rental, advertising and other agreements with third parties.

Security deposits pertain to deposits paid by the Company in relation to its lease of office space which are applied for rental and unbilled utilities at the end of the lease contract.

Salvage recoveries – total loss units pertain to estimated value of recovered vehicles from motor car claims.

Claims fund pertains to deposits paid by the Company to various brokers intended as advance payment of claims and any remaining balance may be refunded once brokers' contracts end up.

Documentary stamps inventory pertains to unused documentary stamp purchased from the Bureau of Internal Revenue (BIR). This is affixed to documents, instruments, loan agreements and paper evidencing the acceptance, assignment, sale or transfer of an obligation, right or property.

Security fund pertains to investment/placement deposited to the IC.

Based on management's assessment, allowance for impairment losses amounting to ₱7.10 million was recognized on certain other assets as of December 31, 2025 and 2024.

	Note	**2025**	2024
At January 1		**₱7,100,750**	₱44,017,913
Provisions for impairment losses	25	**–**	4,100,750
Reversal of allowance for impairment losses		**–**	(41,017,913)
		₱7,100,750	₱7,100,750

In 2024, the reversal of allowance for impairment losses amounting to ₱41.02 million pertained mainly to unsupported creditable withholding taxes from prior years and security deposits previously provided with allowance for impairment losses.

14. Insurance Contract Liabilities

Insurance contract liabilities may be analyzed as follows:

	2025		
	Insurance Contract Liabilities	**Reinsurers' Share of Liabilities**	**Net**
Provision for claims reported and loss adjustment expenses	**₱5,448,267,907**	**₱4,257,686,267**	**₱1,190,581,640**
Provision for claims IBNR	**2,440,679,177**	**1,345,272,190**	**1,095,406,987**
Total claims reported and IBNR	**7,888,947,084**	**5,602,958,457**	**2,285,988,627**
Provision for unearned premiums	**5,740,674,726**	**3,306,096,184**	**2,434,578,542**
	₱13,629,621,810	**₱8,909,054,641**	**₱4,720,567,169**

2024	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
Provision for claims reported and loss adjustment expenses	₱3,715,602,410	₱2,623,387,465	₱1,092,214,945
Provision for claims IBNR	1,912,185,376	1,261,671,002	650,514,374
Total claims reported and IBNR	5,627,787,786	3,885,058,467	1,742,729,319
Provision for unearned premiums	6,011,279,286	2,752,064,820	3,259,214,466
	₱11,639,067,072	₱6,637,123,287	₱5,001,943,785

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

2025	**Note**	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
At January 1		**₱5,627,787,786**	**₱3,885,058,467**	**₱1,742,729,319**
Claims incurred during the year – net of reversals	24	**5,294,603,818**	**3,053,718,852**	**2,240,884,966**
Claims paid during the year – net of salvage and subrogation	24	**(3,561,938,321)**	**(1,419,420,048)**	**(2,142,518,273)**
Change in provision for claims IBNR	24	**528,493,801**	**83,601,188**	**444,892,613**
		₱7,888,947,084	**₱5,602,958,459**	**₱2,285,988,625**

2024	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
At January 1		₱5,448,387,384	₱2,856,126,781	₱2,592,260,603
Claims incurred during the year – net of reversals		3,458,287,201	1,888,803,509	1,569,483,692
Claims paid during the year – net of salvage and subrogation	24	(3,302,228,765)	(1,212,301,022)	(2,089,927,743)
Change in provision for claims IBNR	24	23,341,966	352,429,199	(329,087,233)
		₱5,627,787,786	₱3,885,058,467	₱1,742,729,319

Provision for unearned premiums may be further analyzed as follows:

2025	**Note**	**Insurance Contract Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
At January 1		**₱6,011,279,286**	**₱2,752,064,821**	**₱3,259,214,465**
New policies written during the year	22	**14,567,046,327**	**9,338,618,992**	**5,228,427,335**
Premiums earned during the year	22	**(14,837,650,888)**	**(8,784,587,628)**	**(6,053,063,260)**
		₱5,740,674,725	**₱3,306,096,185**	**₱2,434,578,540**

2024	Note	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
At January 1		₱6,415,624,740	₱3,705,333,811	₱2,710,290,929
New policies written during the year	22	13,772,356,679	9,006,676,388	4,765,680,291
Premiums earned during the year	22	(14,176,702,133)	(9,959,945,378)	(4,216,756,755)
		₱6,011,279,286	₱2,752,064,821	₱3,259,214,465

15. Insurance Payables

The roll forward analysis of this account follows:

	Note	2025	2024
At January 1		**₱4,928,578,250**	₱4,134,919,356
Additions	22	**9,338,618,992**	9,006,676,388
Payments		**(9,768,167,347)**	(8,213,017,494)
		₱4,499,029,895	₱4,928,578,250

Insurance payables primarily pertain to amounts due to reinsurers arising from facultative and treaty reinsurance transactions.

16. Accounts Payable and Accrued Expenses

This account consists of:

	2025	2024
Provisions	**₱836,719,516**	₱384,418,211
Commissions payable	**593,733,107**	1,016,109,196
Output VAT	**469,032,332**	495,303,406
Payable to government agencies	**185,641,655**	207,123,094
Accounts payable	**179,661,254**	280,948,229
Documentary stamp taxes payable	**100,150,091**	165,220,870
Accrued expenses	**58,155,059**	44,448,990
Others	**334,960,660**	127,542,308
	₱2,758,053,674	₱2,721,114,304

In 2025 and 2024, the Company recognized provisions for legal cases and other estimated liabilities amounting to ₱836.72 million and ₱384.42 million. Details are as follows:

	Note	2025	2024
At January 1		**₱384,418,211**	₱381,742,886
Additions	25	**452,301,305**	367,018,580
Payments		**–**	(250,004,645)
Adjustments and reversal		**–**	(114,338,610)
		₱836,719,516	₱384,418,211

Provisions primarily pertain to estimated liabilities arising from legal cases, claims, and other contingencies recognized when management determines that a present obligation exists and settlement is probable and reasonably estimable.

Commissions payable pertain to sales force commissions which are non-interest bearing and payable every month.

Output VAT represents the value-added tax billed on the Company's sales and other taxable transactions in accordance with prevailing tax regulations.

Payable to government agencies include taxes withheld from staff and agents, fringe benefits taxes, local government tax, fire service tax, and premium tax.

Accounts payable represent payables for goods and services purchased that have been contracted for but not yet settled as of the end of the reporting period which are payable on demand.

Documentary stamp taxes payable pertains to the excise taxes imposed on certain rights embodied in a document evidencing such rights which are due to the Bureau of Internal Revenue (BIR).

Accrued expenses include accruals of general expense such as professional and legal fees, utilities, etc., and are expected to be settled within twelve (12) months after the end of the reporting period.

17. Net Pension Asset / Obligation

The Company has a funded and non-contributory defined benefit retirement plan covering all of its employees.

Under the existing regulatory framework, Republic Act No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Net pension asset as of December 31, 2025 and 2024 is as follows:

	2025	2024
Present value of pension benefit obligation	**₱342,291,775**	₱377,384,884
Less: Fair value of plan assets	**438,534,835**	456,636,699
	(₱96,243,060)	(₱79,251,815)

Net pension benefit expense for the years ended December 31, 2025 and 2024 consists of the following:

	Note	**2025**	2024
Current service cost		**₱25,382,338**	₱22,905,339
Net interest income		**(4,858,137)**	(5,686,524)
	25	**₱20,524,201**	₱17,218,815

Remeasurement loss (gain) on defined benefit plan recognized in other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Remeasurement loss (gain) arising from:		
Experience adjustments	**(₱11,674,777)**	₱13,841,038
Changes in financial assumptions	**(1,389,096)**	(1,521,285)
	(13,063,873)	12,319,753
Return on assets, excluding amount included in net interest cost	**3,548,427**	9,513,501
	(9,515,446)	21,833,254
Tax effect	**2,378,862**	(5,458,314)
Remeasurement loss (gain)	**(₱7,136,584)**	₱16,374,940

Details of accumulated remeasurement loss on defined benefit plan as of December 31, 2025 and 2024 is as follows:

	Note	2025	2024
At January 1		**₱116,385,734**	₱100,010,794
Remeasurement loss (gain) recognized in other comprehensive income during the year		**(9,515,446)**	21,833,254
		106,870,288	121,844,048
Tax effect	26	**2,378,862**	(5,458,314)
At December 31		**₱109,249,150**	₱116,385,734

The reconciliation of the present value of defined benefit obligation as of December 31, 2025 and 2024 is as follows:

	2025	2024
At January 1	**₱377,384,884**	₱329,340,085
Current service cost	**25,382,338**	22,905,339
Interest cost	**23,133,693**	19,859,207
Benefits paid	**(70,545,267)**	(7,039,500)
Actuarial losses (gains) on obligation	**(13,063,873)**	12,319,753
At December 31	**₱342,291,775**	₱377,384,884

The movements in the fair value of the plan assets as of December 31, 2025 and 2024 is as follows:

	2025	2024
At January 1	**₱456,636,699**	₱423,643,969
Interest income	**27,991,830**	25,545,731
Contributions	**28,000,000**	24,000,000
Return on assets (excluding amount included in net interest cost)	**(3,548,427)**	(9,513,501)
Benefits paid	**(70,545,267)**	(7,039,500)
At December 31	**₱438,534,835**	₱456,636,699

The actual return on plan assets amounted to ₱24.44 million and ₱16.03 million in 2025 and 2024, respectively.

The distribution of plan assets as of December 31, 2025 and 2024 is as follows:

	2025	2024
Cash on hand and in banks	**₱420,599,526**	₱432,290,030
Receivables	**11,935,309**	24,346,670
Additional contributions	**6,000,000**	–
	₱438,534,835	₱456,636,700

The carrying value of the retirement plan assets approximates its fair value as of December 31, 2025 and 2024. The plan assets are diverse investments and do not have any concentration risk.

The Company does not currently employ any asset-liability matching strategy.

The pension benefit expense and the present value of the defined benefit obligation are determined using actuarial valuations. The latest actuarial valuation report is as of December 31, 2025. The actuarial valuation involves making various assumptions.

The principal actuarial assumptions used to determine pension benefits as of December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	**6.22%**	6.13%
Salary increase rate	**5.00%**	5.00%

The Company's discount rate for the defined benefit obligation was determined by reference to market yields at the reporting date of high-quality corporate bonds or government bonds consistent with the estimated term of the obligations. A lower discount rate would increase the present value of benefit obligations. The expected salary increase rate was determined by considering inflation, seniority, promotion and other factors. The Company evaluates these assumptions on a periodic basis taking into consideration current market conditions and historical market data.

The Company performed sensitivity analysis for the changes in the significant assumptions that would increase the defined benefit obligation. The sensitivity analysis has been determined based on reasonably possible changes in the following assumptions occurring at the end of the reporting date assuming all other assumptions were held constant.

	Increase (Decrease)	Increase (decrease) in Defined Benefit Obligation 2025	2024
Discount rate	0.50%	**(₱7,053,411)**	(₱6,917,025)
	-0.50%	**8,381,417**	8,143,897
Salary increase rate	1.00%	**17,686,876**	17,414,629
	-1.00%	**(12,536,412)**	(12,286,154)

Shown below is the maturity analysis of the undiscounted benefits payments as of December 31, 2025 and 2024 is as follows:

	2025	2024
1 year and less	**₱100,779,834**	₱144,905,211
More than 1 year to 5 years	**130,336,946**	108,188,987
More than 5 years to 10 years	**181,926,963**	195,615,173
More than 10 years to 15 years	**164,522,180**	184,978,547
More than 15 years to 20 years	**260,605,285**	232,827,530
More than 20 years	**998,321,564**	999,439,907
	₱1,836,492,772	₱1,865,955,355

The weighted average duration of the defined benefit obligation is 17 years and 16 years as of December 31, 2025 and 2024, respectively.

18. Other Liabilities

This account consists of:

	2025	2024
Customers' deposits	**₱815,694,932**	₱925,976,835
Reinsurers' deposits	**87,651,751**	16,500,916
Others	**127,614,982**	123,381,478
	₱1,030,961,665	₱1,065,859,229

Customers' deposits pertain mainly to collaterals received from policyholders in connection with bond insurance policies. These are refundable upon expiration, cancellation, or fulfillment of the related bond obligations, subject to the terms and conditions of the underlying agreements.

Reinsurers' deposits pertain mainly to collections received in advance from reinsurers representing their share in reinsurance recoverable on paid losses.

Others primarily consist of checks payable awaiting release, rental deposits payable, employee-related liabilities, and other operational liabilities.

19. Equity

a. Capital Stock
As of December 31, 2025 and 2024, capital stock consists of 27.50 million issued common shares, with par value of ₱100.00 per share, amounting to a total of ₱2.75 billion, following the SEC approval on December 16, 2024 for the increase in authorized capital stock from 15.00 million shares to 35.00 million shares with par value of ₱100.00 per share.

On March 8, 2021, the BOD approved the increase of the authorized capital stock of the Company from 15.00 million shares to 35.0 million shares.

On April 28, 2021, several shareholders infused ₱1.6 billion, of which 9.00 million shares at ₱100.00 per share amounting to ₱900.0 million were immediately issued from the Company's unissued capital stock through a subscription agreement. The remaining ₱700.00 million representing 7.00 million shares at ₱100.0 per share were initially presented under "Deposits for Future Subscription" pending approval of the increase in authorized capital stock.

On August 15 and December 29, 2022, additional capital contributions amounting to ₱150.0 million and ₱400.0 million, respectively, were infused by stockholders and were likewise initially presented under "Deposits for Future Subscription" pending approval of the increase in authorized capital stock.

Following the SEC approval of the increase in authorized capital stock on December 16, 2024, the deposits for future stock subscription amounting to ₱1.25 billion were reclassified to capital stock as of December 31, 2024. Accordingly, the 2024 comparative figures were restated in 2025 to reflect the reclassification (see Note 33).

b. Contributed Surplus
This represents the original contribution of the shareholders of the Company in addition to the paid-up capital stock, in order to comply with the pre-licensing requirement under the Insurance Code. Contributed surplus amounted to ₱23.69 million as of December 31, 2025 and 2024.

c. Contingency Surplus
This represents contributions of the shareholders in order to comply with capital requirements of the Insurance Code. This can be withdrawn only upon approval of the IC. As of December 31, 2025 and 2024, the Company's contingency surplus amounted to ₱139.07 million.

d. Deposits for Future Subscription
The Company previously recognized capital infusions from stockholders amounting to ₱700.0 million in 2021 and ₱550.0 million in 2022 as Deposits for Future Subscription pending approval of the increase in authorized capital stock.

Following the SEC approval of the increase in authorized capital stock on December 16, 2024, the deposits for future stock subscription amounting to ₱1.25 billion were reclassified to capital stock as of December 31, 2024.

Accordingly, there is no outstanding balance of Deposits for Future Subscription as of December 31, 2025 and 2024.

20. Related Party Transactions

Transactions between related parties are based on terms similar to those offered to non-related 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 or common significant influence. Related parties may be individual or corporate entities. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

The related parties in these financial statements refer to the following:

Related Parties	Relationship
PGA Sompo Insurance Corp. (PGA Sompo)	With similar shareholders and directors
First Life Financial, Inc. (First Life)	With similar shareholders and directors
PGA Cars, Inc. (PGA Cars)	With similar shareholders and directors
National Grid Corporation (NGC)	With similar shareholders and directors
Oriental Petroleum and Mineral Corporation (OPMC)	With similar shareholders and directors
R. Coyiuto Securities, Inc. (RCSI)	With similar shareholders and directors
Guarantee Development Corporation and Insurance Agency (GDC)	With similar shareholders and directors
Carhaus Clinica, Inc. (Carhaus)	With similar shareholders and directors
Kissho Corporation (Kissho)	With similar shareholders and directors
Pioneer Tours Corporation	With similar shareholders and directors
One Nob Hill Realty and Development, Inc.	With similar shareholders and directors

The Company has the following transactions with related parties:

2025

	Premiums	Rental Income	Service Income	Claims and Benefits
PGA Sompo	₱467,361	₱10,739,819	₱–	₱87,687
First Life	327,078	178,627	–	107,874
PGA Cars	10,917,926	–	–	33,898
NGC	161,710,542	–	–	192,719,044
RCSI	38,895	–	–	–
Carhaus	136,608	1,600,000	–	2,849
Kissho	62,236	–	–	–
Others	63,045	–	–	–
	₱173,723,691	₱12,518,446	₱–	₱192,951,352

	Insurance Expense	General Expense	Advances
PGA Sompo	₱2,912,795	₱–	₱–
First Life	4,853,073	–	–
RCSI	–	2,683,445	–
GDC	–	38,538,617	–
Others	–	160,000	–
	₱7,765,868	₱41,382,062	₱–

2024

	Premiums	Rental Income	Service Income	Claims and Benefits
PGA Sompo	₱456,098	₱9,634,377	₱140,000	₱36,383
First Life	235,645	170,121	–	–
PGACars	6,998,751	–	–	164,970
NGC	328,562,799	–	–	3,235,985
RCSI	3,961	–	–	–
GDC	14,058	–	–	–
Carhaus	121,323	1,200,000	–	13,396
Kissho	62,236	–	–	–
Others	1,442	–	–	–
	₱336,456,313	₱11,004,498	₱140,000	₱3,450,734

	Insurance Expense	General Expense	Advances
PGA Sompo	₱3,148,762	₱–	₱–
First Life	8,788,194	–	–
RCSI	–	2,866,202	–
Others	–	192,000	–
	₱11,936,956	₱3,058,202	₱–

The Company has the following account balances with related parties:

2025

	Premiums Receivable*	**AFS Financial Assets**	**Due from Ceding Companies**	**Reinsurance Recoverable on Paid Losses**
PGA Sompo	**₱32,457**	**₱–**	**₱89,498,283**	**₱77,601,801**
First Life	**14,646**	–	**(172,043)**	–
PGACars	**1,833,737**	–	–	–
NGC	**56,851,005**	–	–	–
RCSI	**3,824**	–	–	–
OPMC	–	**154,707,423**	–	–
	₱58,735,669	**₱154,707,423**	**₱89,326,240**	**₱77,601,801**

	Due to Reinsurers	**Losses and Claims Payable**	**Commissions Payable**	**Advances**
PGA Sompo	**₱265,639,422**	**₱20,498,336**	**₱–**	**₱–**
First Life	–	**3,363,849**	–	–
NGC	–	–	**4,256,550**	–
GDC	–	–	**175,988,301**	–
Stockholders	–	–	–	**5,607,962**
	₱265,639,422	**₱23,862,185**	**₱180,244,851**	**₱5,607,962**

2024

	Premiums Receivable*	AFS Financial Assets	Due from Ceding Companies	Reinsurance Recoverable on Paid Losses
PGA Sompo	₱72,908	₱–	₱104,378,140	₱95,924,999
First Life	–	–	2,344,285	–
PGACars	1,384,838	–	–	–
NGC	20,426,226	–	–	–
OPMC	–	96,139,960	–	–
	₱21,883,972	₱96,139,960	₱106,722,425	₱95,924,999

	Due to Reinsurers	Losses and Claims Payable	Commissions Payable	Advances
PGA Sompo	₱147,880,202	₱19,804,169	₱–	₱–
First Life	–	115,864	–	–
GDC	–	–	658,298,393	–
Stockholders	–	–	–	26,181,845
	₱147,880,202	₱19,920,033	₱658,298,393	₱26,181,845

a. Premiums, claims and benefits, and related insurance expenses pertain to insurance contracts entered with, policies assumed by or policies ceded out to, the Company's related parties.

b. The Company, as a lessor, leases its office spaces as follows:

   - In January 2023, the Company renewed its sublease agreement with PGA Sompo for the lease of its office space in Makati until December 2027. Rental income from PGA Sompo amounted to ₱10.74 million and ₱9.63 million in 2025 and 2024, respectively.

   - In April 2024, the Company renewed its lease agreement with First Life for the lease of office space in Bacolod until May 2027. Rental income from First Life amounted to ₱0.18 million and ₱0.17 million in 2025 and 2024, respectively.

c. In January 2023, the Company, as a lessee, renewed its lease agreement with GDC covering mainly office spaces for its head office in Makati. The lease is for five (5) years until December 2027 and is not subject to escalation.

d. Commissions payable to GDC pertain to commissions on insurance policies sourced and administered by the related party in the ordinary course of business.

e. In 2025 and 2024, the Company booked advances to shareholders amounting to ₱5.61 and ₱26.18, respectively, recorded under Other receivables (Note 7). These advances are non-interest bearing, unsecured, due and demandable, and are expected to be settled in cash.

f. In September 2024, the Company entered into a joint venture agreement with One Nob Hill Realty and Development, Inc. ("One Nob Hill"), a related party under common significant influence, for the development of a commercial condominium project known as "PGAI-Porsche Center Manila" on a parcel of land owned by the Company located in Mandaluyong City. Under the agreement, the Company and One Nob Hill shall jointly undertake the development of the project and share in the allocation of condominium units based on their respective agreed contributions.

   In connection with the joint venture agreement, the parties also executed related addendum and lease arrangements covering the land on which the project will be constructed. The lease is expected to commence upon the issuance of the certificate of occupancy of the project, which is currently anticipated in 2027, and shall continue for a period of sixty (60) years unless earlier terminated or renewed upon mutual agreement of the parties.

   As of December 31, 2025, the project remains in the development stage and no lease income has been recognized by the Company in relation to the arrangement.

g. AFS financial assets pertain to quoted equity securities of OPMC classified as available-for-sale financial assets and measured at fair value.

h. The compensation and benefits paid to the Company's key management personnel follows:

	2025	2024
Salaries and wages	**₱250,713,311**	₱231,873,637
Other short-term benefits	**2,609,100**	2,291,400
	₱253,322,411	₱234,165,037

21. Investment and Other Income

This account consists of:

	Notes	2025	2024
Interest income from:			
Cash and cash equivalents	4	**₱156,741,793**	₱181,904,427
Short-term investments	5	**4,402,950**	30,066,911
Financial assets at FVPL	7	**15,959,179**	18,567,594
HTM financial assets		**27,949,859**	23,923,949
Security fund	13	**1,320**	–
Total interest income		**205,055,101**	254,462,881
Fair value gain on investment properties	10	**105,868,408**	55,684,764
Rental income	20, 28	**25,413,858**	26,046,949
Dividend income	7	**13,031,891**	14,184,916
Fair value gains on financial assets at FVPL	7	**77,576,626**	55,618,283
Gains on redemption on financial assets at FVPL	7	**3,584,270**	2,508,686
		₱430,530,154	₱408,506,479

22. Net Premiums Earned

Net premiums earned consist of the following:

	Notes	2025	2024
Gross premiums on insurance contracts:			
Direct		**₱14,285,464,003**	₱13,354,341,686
Assumed		**281,582,324**	418,014,993
Total gross premiums on insurance contracts	14	**14,567,046,327**	13,772,356,679
Gross change in provision for unearned premiums		**270,604,561**	404,345,454
Total gross premiums earned on insurance contracts		**14,837,650,888**	14,176,702,133
Reinsurers' share of gross premiums on insurance contracts			
Direct		**9,181,870,650**	8,816,052,130
Assumed		**156,748,342**	190,624,258
Total reinsurers' share of gross premiums on insurance contracts	14, 15	**9,338,618,992**	9,006,676,388
Reinsurers' share of gross change in provision for unearned premiums		**(554,031,364)**	953,268,990
Total reinsurers' share of gross premiums earned on insurance contracts		**8,784,587,628**	9,959,945,378
Net premiums earned		**₱6,053,063,260**	₱4,216,756,755

23. Other Income – net

This account consists of:

	2025	2024
Other underwriting income	**₱152,118,719**	₱226,992,901
Service income	**10,808,599**	12,460,676
Miscellaneous income (expenses)	**(5,667,898)**	125,855,301
	₱157,259,420	₱365,308,878

Other underwriting income pertains to service fees, no claim bonus and discounts from foreign reinsurers.

Service income is derived from professional services to related party and counterparties.

24. Net Insurance Contract Benefits and Claims

Net insurance contract benefits and claims paid consist of the following:

	Note	2025	2024
Direct		**₱3,545,208,369**	₱3,277,699,341
Assumed		**16,729,952**	24,529,424
	14	**₱3,561,938,321**	₱3,302,228,765

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

	Note	2025	2024
Direct		**₱1,410,628,152**	₱1,181,253,618
Assumed		**8,791,896**	31,047,404
	14	**₱1,419,420,048**	₱1,212,301,022

Gross change in insurance contract benefits and claims liabilities is as follows:

	Note	2025	2024
Change in provision for claims reported and loss adjustment expenses			
Direct	14	**₱1,718,078,794**	₱162,594,560
Assumed	14	**14,586,703**	(6,536,124)
Change in provision for claims IBNR	14	**528,493,801**	23,341,966
	14	**₱2,261,159,298**	₱179,400,402

Reinsurers' share of change in insurance contract benefits and claims liabilities is as follows:

	Note	2025	2024
Reinsurers' share of change in insurance provision for claims reported and loss adjustment expenses	14	**₱1,634,298,802**	₱676,502,487
Reinsurers' share change in provision for claims IBNR	14	**83,601,188**	352,429,199
		₱1,717,899,990	₱1,028,931,686

25. General Expenses

This account consists of:

	Notes	2025	2024
Salaries, wages and benefits		**₱739,315,291**	₱727,403,004
Depreciation and amortization	11, 12	**181,180,099**	163,579,934
Service fees		**178,222,023**	184,057,190
Communications, light and water		**95,497,805**	93,616,845
Repairs and maintenance		**72,343,741**	54,843,306
Entertainment, amusement and recreation		**64,968,132**	54,630,107
Transportation		**55,597,854**	38,685,389
Rent	20, 28	**30,199,579**	30,105,654
Pension benefit expense	17	**20,524,201**	17,218,815
Taxes and licenses	34	**20,473,905**	21,799,919
Professional fees		**19,646,229**	27,339,730
Stationery and supplies		**16,688,744**	18,164,729
Club dues and membership		**8,311,536**	7,084,008
Insurance		**8,084,320**	12,196,686
Advertising		**4,487,978**	7,262,719
Donations to charitable institutions		**230,000**	550,000
Provision for credit and impairment losses on:			
Other assets	13	**–**	4,100,750
Insurance receivables	6	**66,227,814**	–
Loans and receivables	7	**43,689**	–
Others		**17,527,348**	9,741,115
		₱1,599,570,288	₱1,472,379,900

Others include expenses related to internet subscriptions and bank charges.

26. Income Tax

The Company's provision for (benefit from) income tax consists of:

	2025	2024
Current	**₱40,149,040**	₱11,114,711
Deferred	**23,982,762**	(80,698,824)
	64,131,802	(69,584,113)
Final	**39,836,332**	48,196,962
	₱103,968,134	(₱21,387,151)

a. The reconciliation of income before tax using the statutory corporate income tax of 25% in 2025 and 2024 to provision for income tax as shown in the statements of income is as follows:

	2025	2024
Income before income tax at statutory tax rate of 25%	**₱115,120,396**	₱4,849,895
Increase (decrease) in income tax resulting from:		
Nontaxable income	**(73,915,575)**	(81,066,520)
Nondeductible expenses	**22,926,981**	6,580,081
Changes in unrecognized DTA	**–**	52,431
	₱64,131,802	(₱69,584,113)

The current provision for income tax represents MCIT in 2025 and 2024.

MCIT computation for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Gross revenue:		
Gross premiums earned	**₱14,837,650,888**	₱14,176,702,133
Commission income	**220,647,640**	217,905,561
Other income	**308,949,589**	340,710,472
	15,367,248,117	14,735,318,166
Cost of sales:		
Reinsurers' share of gross premiums earned	**8,784,587,628**	9,959,945,378
Net insurance contract benefits and claims	**2,240,884,966**	1,569,483,692
Commission expense	**2,080,281,051**	2,392,410,559
Other underwriting expenses	**111,734,743**	131,906,103
Deductible salaries and wages	**142,307,758**	125,836,895
	13,359,796,146	14,179,582,627
Taxable gross income	**2,007,451,971**	555,735,539
MCIT rate	**2%**	2%
MCIT due	**₱40,149,040**	₱11,114,711

Any excess of the MCIT over the normal income tax is carried forward annually and credited against the normal income tax for the next three (3) succeeding taxable years.

Details of the Company's MCIT that can be credited against normal income tax due are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱11,114,711	₱–	₱–	**₱11,114,711**	2027
2025	40,149,040	–	–	**40,149,040**	2028
	₱51,263,751	₱–	₱–	**₱51,263,751**	

NOLCO may be carried forward as a deduction from taxable income for the next three consecutive taxable years immediately following the year of such loss, subject to the conditions provided under Section 34(D) of the Tax Code. The unexpired net operating loss carryover (NOLCO) that may be applied against future taxable income is as follows.

Year Incurred	Amount	Applied	Expired	Balance	Expiry Year
2024	₱784,294,234	(₱613,907,349)	₱–	**₱170,386,885**	2027

b. The components of the net deferred tax assets (liabilities) follows:

	2025	2024
Deferred tax assets on:		
Affecting profit or loss:		
Provision for claims IBNR, net of reinsurance	**₱273,851,747**	₱162,628,594
Lease liability	**41,434,584**	48,861,437
Minimum corporate income tax (MCIT)	**51,263,751**	11,114,711
Net operating loss carry-over (NOLCO)	**42,596,722**	196,073,559
	409,146,804	418,678,301

	2025	2024
Deferred tax liabilities on:		
Affecting profit or loss:		
Unrealized gain on revaluation of investment properties	**(208,115,706)**	(181,648,604)
Right of use assets	**(40,161,926)**	(47,828,803)
Post-employment benefit asset	**(18,998,542)**	(22,587,906)
Unrealized foreign exchange gains	**(21,356,217)**	(27,574,127)
Affecting other comprehensive income:		
Revaluation gain on property and equipment	**(157,681,130)**	(138,663,782)
Remeasurement loss on defined benefit plan	**(2,378,862)**	5,458,314
	(448,692,383)	(412,844,908)
Deferred tax asset (liabilities) - net	**(₱39,545,579)**	₱5,833,393

27. Contingencies

The Company is involved in various legal actions, claims and regulatory matters arising in the ordinary course of business. Management evaluates the need to recognize provisions and disclose contingencies based on available information and circumstances existing at the reporting date.

As of December 31, 2025 and 2024, the Company recognized provisions for certain matters and exposures where management determined that an outflow of economic benefits is probable and the amount can be reasonably estimated (see Note 16).

For other matters where the likelihood of loss is assessed as possible but not probable, or where the amount cannot be reliably estimated, no provision has been recognized. Management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position and results of operations.

28. Leases

28.1 Company as Lessee

The Company is a party under various leases covering certain offices which have lease terms between one (1) to ten (10) years for its branches and main office. The leases provide for escalation of annual rates and are renewable under certain terms and conditions.

In addition, the Company has certain lease contracts with lease terms of twelve (12) months or less and/or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The roll forward analysis of right-of-use assets follows:

	Notes	2025	2024
At January 1		**₱327,112,599**	₱324,299,737
Additions		**47,110,231**	18,224,911
Lease terminations and adjustments		**(5,053,322)**	(15,412,049)
At December 31		**369,169,508**	327,112,599
Accumulated depreciation			
At January 1		**143,215,022**	83,213,739
Depreciation	11	**77,778,794**	74,038,719
Lease terminations and adjustments		**(5,054,376)**	(14,037,436)
At December 31		**215,939,440**	143,215,022
Net Book Value		**₱153,230,068**	₱183,897,577

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

	Notes	2025	2024
Depreciation expense of right-of-use assets	11	**₱77,778,794**	₱74,038,719
Interest expense on lease liabilities		**14,631,311**	18,786,841
Expenses relating to short-term leases	25	**30,199,579**	30,105,654
Total amount recognized in the statement of income		**₱122,609,684**	₱122,931,214

The rollforward analysis of the lease liabilities is as follows:

	2025	2024
At January 1	**₱198,758,756**	₱250,395,968
Additions	**47,110,231**	18,224,911
Interest expense	**14,631,311**	18,786,841
Payments	**(91,450,012)**	(87,064,622)
Lease terminations and adjustments	**1,054**	(1,584,342)
At December 31	**₱169,051,340**	₱198,758,756

	2025	2024
Current	**₱80,580,205**	₱68,385,441
Noncurrent	**88,471,134**	130,373,314
Lease liabilities included in the financial position at December 31	**₱169,051,339**	₱198,758,755

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

	2025	2024
Within one (1) year	**₱91,112,955**	₱81,968,368
Beyond one (1) year	**94,443,155**	143,632,127
	₱185,556,110	₱225,600,495

The total cash outflows for leases amounted to ₱91.45 million and ₱87.06 million as at December 31, 2025 and 2024, respectively.

28.2 Company as Lessor

The Company has entered into a property leases on its investment property portfolio which have lease terms between three to five years. The leases provide for escalation of annual rates and are renewable under certain terms and conditions. In 2025 and 2024, rent income amounted to ₱25.41 million and ₱26.05 million, respectively, and is included under 'Investment and other income – net' account in the statements of income (see Note 21).

29. Management of Capital, Insurance and Financial Risks

29.1 Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing 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 risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions [e.g., minimum statutory net worth and risk-based capital (RBC) requirements].

29.2 Capital Management Framework

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders.

The Company reviews the capital requirements through monthly computation of the minimum statutory net worth and the RBC which are regularly communicated to the major shareholders. With this procedure, shareholders are forewarned in anticipation of the IC requirements of additional capital infusion.

Shareholders are well updated with these externally imposed capital requirements since these are being discussed during the annual BOD meeting. Evidently, the shareholders have shown their commitment to comply with this regulation, same as in the prior years when they willingly infused additional cash as the need arise.

29.3 Minimum Statutory Networth

On August 15, 2013, the President of the Philippines approved the Republic Act No. 10607 to be known as the "New Insurance Code" (Amended Code) which provides the new capitalization requirements of 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 CL No. 02-2015 which provides clarifications on the minimum capitalization requirements under Sections 194, 197, 200 and 289 of the Amended Code. It also supersedes Department of Finance Order (DO) No. 15-2012, DO No. 27-2006, CL No. 22-2008 and CL No. 26-2008. According to the CL, the minimum net worth requirement would be ₱250.00 million by December 31, 2013. The minimum net worth shall be unimpaired at all times and shall increase to the amounts as follows:

Minimum Networth	Compliance Date
₱550,000,000	December 31, 2016
₱900,000,000	December 31, 2019
₱1,300,000,000	December 31, 2022

As of December 31, 2025 and 2024, the required minimum statutory net worth for the Company is ₱1.30 billion. As of December 31, 2025 based on internal computation, the Company's estimated statutory net worth amounted to ₱1.84 billion while as of December 31, 2024 based on Approved Synopsis by the Insurance Commission, the Company's statutory net worth amounted to ₱1.31 billion.

The final statutory net worth for 2025 can be determined only after the accounts of the Company have been examined by IC. Any deficiency as a result of the IC verification will be covered up in full by the Company.

On March 8, 2021, the Board of Directors approved the amendment of the Company's Articles of Incorporation to increase its authorized capital stock from ₱1.50 billion divided into 15.00 million shares at ₱100.00 par value to ₱3.50 billion divided into 35.00 million shares at ₱100.00 par value.

To comply with the capital requirements mandated by the IC, the Company received capital infusions amounting to ₱1.60 billion in 2021, of which ₱900.00 million representing 9.00 million shares at ₱100.00 par value were immediately issued from the available authorized capital stock. The remaining ₱700.00 million representing 7.00 million shares at ₱100.00 par value, together with additional capital infusions amounting to ₱150.00 million and ₱400.00 million received in 2022, were initially recognized as "Deposits for Future Stock Subscription" pending approval of the increase in authorized capital stock.

Following the approval by the SEC on December 16, 2024 of the increase in the Company's authorized capital stock, the total deposits for future stock subscription amounting to ₱1.25 billion were reclassified to capital stock as of December 31, 2024. Accordingly, the 2024 comparative figures were restated in 2025 to reflect such reclassification (see Notes 19 and 33).

29.4 Risk-based Capital Requirements

Insurance Memorandum Circular (IMC) No. 7-2006 provides for the RBC framework for the nonlife insurance industry to establish the required amounts of capital to be maintained by companies in relation to their investment and insurance risks. Every nonlife insurance company is required annually to maintain a minimum RBC ratio of 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The RBC ratio shall be calculated as networth divided by the RBC requirement. Networth shall include the Company's paid-up capital, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve accounts shall form part of networth only to the extent authorized by IC.

In 2016, the IC issued Circular Letter No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, pursuant to Section 437 of the Amended Insurance Code. The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC is the aggregate of Tier I and Tier 2 Capital minus deductions, subject to applicable limits and determinations.

Tier I Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis (e.g. Capital Stock, Statutory Deposit, Capital Stock Subscribed, Contributed Surplus, etc.). Tier 2 Capital does not have the same high-quality characteristics of Tier I Capital but can provide an additional buffer to the insurer (e.g. Reserve for Appraisal Increment- Property and Equipment, Remeasurement Gains (Losses) on Retirement Pension Asset (Obligation), etc.). Tier 2 Capital shall not exceed 50% of Tier I Capital.

The minimum RBC ratio is set at 100%. All insurance companies are required to maintain the minimum RBC ratio and not fail the Trend Test.

	2025 (Estimated)	2024 (IC Approved)
Total Available Capital	**₱3,034,729,530**	₱2,443,448,707
RBC Requirement	**1,781,261,489**	1,745,320,505
RBC Ratio	**170%**	140%

The final RBC Ratio for 2025 can be determined only after the accounts of the Company have been examined by IC specifically as to admitted and non-admitted assets as defined under the Code.

If the Company failed to meet the minimum required statutory networth and RBC requirements, 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.

The Company's actual RBC ratio as of December 31, 2024 after verification by the IC is 140%.

29.5 Financial Reporting Framework

On December 28, 2016, IC CL No. 2015-29 was superseded by IC CL No. 2016-65 which was implemented beginning January 1, 2017. This circular prescribes the new financial reporting framework (FRF) used for statutory quarterly and annual reporting. The new FRF includes the economic valuation of asset and liabilities based on internationally accepted accounting, actuarial, and insurance core principles which requires quarterly and annual reporting of net worth to the IC. As of December 31, 2025, the Company's total estimated admitted assets amounted to ₱24.08 billion while as of December 31, 2024, the Company's total admitted assets based on Approved Synopsis by the Insurance Commission amounted to ₱22.11 billion.

29.6 Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, when actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

The Company principally issues the following types of general insurance contracts: fire, motor, accident, casualty, marine, engineering and surety. Risks under general insurance policies usually cover a twelve-month duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. These risks vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry. Undue concentration by amounts can have a further impact on the severity of benefit payments on a portfolio basis.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company.

The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company. The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, for example hurricanes, earthquakes and flood damage.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Company's risk appetite as decided by management.

The following table sets out the concentration of the claim's liabilities by type of contract:

2025

	Gross Contract Liabilities	Reinsurers Share of Liabilities	Net
Fire	**₱4,100,448,961**	**₱3,595,249,350**	**₱505,199,611**
Engineering	**516,493,799**	**485,183,220**	**31,310,579**
Motorcar	**705,702,866**	**108,539,577**	**597,163,289**
Personal accident	**18,781,383**	**3,813,813**	**14,967,570**
Others	**106,840,898**	**64,900,307**	**41,940,591**
	₱5,448,267,907	**₱4,257,686,267**	**₱1,190,581,640**

2024

	Gross Contract Liabilities	Reinsurers Share of Liabilities	Net
Fire	₱2,780,155,136	₱2,179,171,550	₱600,983,586
Engineering	341,236,790	272,388,020	68,848,770
Motorcar	503,026,432	143,024,497	360,001,935
Personal accident	11,696,217	917,202	10,779,015
Others	79,487,835	27,886,196	51,601,639
	₱3,715,602,410	₱2,623,387,465	₱1,092,214,945

The most significant risk arises from climate changes and natural disasters. These risks vary significantly in relation to the location of the risk insured by the Company, type of risks insured and in respect of commercial and business interruption, insurance by industry.

The Company also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company also has limited its exposure level by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events. The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes to a predetermined maximum amount based on the Company's risk appetite as decided by management.

29.6.1 Assumptions

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

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

29.6.2 Sensitivities

In insurance, as a rule, there may be claims filed in the current year that would attach policies issued in the previous years. This in effect makes claims provision highly sensitive as represented by the table below. Other unpredictable circumstances like legislative uncertainties make it impossible to quantify claims. Also, due to delays arising between occurrence of claims and their subsequent reporting to and settlement by the Company, the outstanding claim provisions cannot be ascertained with confidence at the end of the reporting period.

As a result, the final liabilities will change as a result of succeeding developments. Differences from recomputation of the final liabilities are taken up in subsequent financial statements.

The table below shows the impact of changes in certain important assumptions in the general insurance business while other assumptions remain unchanged. The interrelation of these assumptions will have an important impact in the computation of the final liabilities. But these assumption changes should be done on an individual basis to show the effect on the claims liabilities. It is worthwhile mentioning that these assumptions are nonlinear and larger or smaller impacts cannot be seen from these results.

Sensitivity analysis as of December 31, 2025 and 2024 follows:

2025

	Change in Assumption	Increase (decrease) on Gross Insurance Liabilities	Increase (decrease) on Net Insurance Liabilities	Increase (decrease) on Profit Before Income Tax
Average claim costs	**Increase by 10%**	**₱572,960,794**	**₱192,532,171**	**(₱192,532,171)**
Average number of claims	**Increase by 10%**	**376,028,401**	**170,360,470**	**(170,360,470)**

2024

	Change in Assumption	Increase (decrease) on Gross Insurance Liabilities	Increase (decrease) on Net Insurance Liabilities	Increase (decrease) on Profit Before Income Tax
Average claim costs	Increase by 10%	₱536,535,515	₱176,631,648	(₱176,631,648)
Average number of claims	Increase by 10%	1,079,946,584	296,411,003	(296,411,003)

<u>29.6.3 Loss Development Triangle</u>

The table in the succeeding page is an exhibit that shows the development of claims over a period of time. It shows the cumulative incurred claims for each successive accident year at each reporting date, together with cumulative claims.

Gross insurance contract liabilities as of December 31, 2025:

Accident Year	2015 & Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims costs:												
At the end of accident year	₱2,099,915,664	₱2,171,895,950	₱2,555,747,508	₱3,038,989,137	₱5,554,857,027	₱3,190,964,664	₱4,682,148,550	₱2,654,023,902	₱2,037,581,785	₱2,880,723,286	₱2,778,221,201	₱2,778,221,201
One year later	2,206,787,120	1,704,682,632	3,024,242,444	3,353,717,401	5,862,703,348	3,511,369,904	8,221,988,606	2,544,442,657	2,754,368,848	8,012,614,032		8,012,614,032
Two years later	1,959,514,177	1,561,753,261	2,808,766,835	3,427,512,898	5,233,629,610	3,196,008,287	4,654,011,494	2,308,005,132	6,141,381,663			6,141,381,663
Three years later	1,763,061,531	1,485,852,671	2,737,724,109	3,307,936,332	5,128,027,009	2,736,512,918	4,582,381,393	4,678,185,742				4,678,185,742
Four years later	1,804,405,472	1,466,830,900	2,847,476,487	3,361,435,032	4,799,535,451	2,913,910,150	8,911,885,358					8,911,885,358
Five years later	1,806,162,590	1,489,467,399	2,844,998,410	3,343,964,415	4,732,110,748	5,650,011,874						5,650,011,874
Six years later	1,810,238,544	1,464,038,462	2,843,867,368	3,346,063,802	9,461,296,646							9,461,296,646
Seven years later	1,811,651,427	1,428,938,556	2,844,403,728	6,693,570,885								6,693,570,885
Eight years later	1,807,807,824	1,428,428,975	5,686,848,731									5,686,848,731
Nine years later	1,810,141,096	2,856,377,877										2,856,377,877
Ten years later	3,626,251,873											3,626,251,873
Current estimate of cumulative claims	**3,626,251,873**	**2,856,377,877**	**5,686,848,731**	**6,693,570,885**	**9,461,296,646**	**5,650,011,874**	**8,911,885,358**	**4,678,185,742**	**6,141,381,663**	**8,012,614,032**	**2,778,221,201**	**64,496,645,882**
Cumulative payments to date	**3,614,521,380**	**2,856,377,877**	**5,683,087,890**	**6,684,628,003**	**9,445,810,366**	**5,639,120,851**	**8,729,207,956**	**4,660,765,395**	**5,486,247,391**	**5,270,155,699**	**978,455,167**	**59,048,377,975**
Total gross insurance contract liabilities included in the statement of financial position	**₱11,730,493**	**₱–**	**₱3,760,841**	**₱8,942,882**	**₱15,486,280**	**₱10,891,023**	**₱182,677,402**	**₱17,420,347**	**₱655,134,272**	**₱2,742,458,333**	**₱1,799,766,034**	**₱5,448,267,907**

Gross insurance contract liabilities as of December 31, 2024:

Accident Year	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claims costs:												
At the end of accident year	₱2,604,998,086	₱2,099,915,664	₱2,171,895,950	₱2,555,747,508	₱3,038,989,137	₱5,554,857,027	₱3,190,964,664	₱4,681,383,787	₱2,654,023,902	₱2,037,581,785	₱2,880,723,286	₱2,880,723,286
One year later	2,229,464,170	2,206,787,120	1,704,682,632	3,024,242,444	3,353,717,401	5,862,703,348	3,511,269,904	8,221,988,606	2,544,442,657	4,791,950,633		4,791,950,633
Two years later	2,237,454,498	1,959,514,177	1,561,753,261	2,808,766,835	3,427,512,898	5,231,959,702	3,196,008,287	4,654,011,494	4,852,447,789			4,852,447,789
Three years later	2,106,191,150	1,763,061,531	1,485,852,671	2,737,724,109	3,306,508,332	5,128,027,009	2,736,512,918	9,236,392,887				9,236,392,887
Four years later	2,074,218,140	1,804,405,472	1,466,830,900	2,847,476,487	3,361,435,032	4,799,535,451	5,650,423,067					5,650,423,067
Five years later	2,077,748,915	1,806,162,590	1,468,512,558	2,844,998,410	3,343,964,415	9,531,646,199						9,531,646,199
Six years later	2,079,206,734	1,809,345,192	1,464,038,462	2,843,867,368	6,690,028,218							6,690,028,218
Seven years later	2,091,868,161	1,811,651,427	1,428,938,556	5,688,271,096								5,688,271,096
Eight years later	2,080,521,057	1,807,807,824	2,857,367,531									2,857,367,531
Nine years later	2,079,219,045	3,617,948,919										3,617,948,919
Ten years later	4,153,782,354											4,153,782,354
Current estimate of cumulative claims	4,153,782,354	3,617,948,919	2,857,367,531	5,688,271,096	6,690,028,218	9,531,646,199	5,650,423,067	9,236,392,887	4,852,447,789	4,791,950,633	2,880,723,286	59,950,981,979
Cumulative payments to date	4,153,754,290	3,615,015,937	2,856,663,684	5,679,602,067	6,670,715,533	9,475,156,387	5,395,202,401	8,442,308,113	4,819,025,167	4,104,616,547	1,023,319,443	56,235,379,569
Total gross insurance contract liabilities included in the statement of financial position	₱28,064	₱2,932,982	₱703,847	₱8,669,029	₱19,312,685	₱56,489,812	₱255,220,666	₱794,084,774	₱33,422,622	₱687,334,086	₱1,857,403,843	₱3,715,602,410

Net of insurance contract liabilities as of December 31, 2025:

Accident Year	2015 & Prior	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Estimate of ultimate claims costs:												
At the end of accident year	₱1,545,523,033	₱1,518,896,704	₱1,316,458,820	₱1,758,411,545	₱2,044,159,281	₱1,216,512,186	₱1,285,539,283	₱1,502,648,807	₱1,756,039,957	₱1,751,883,039	₱1,811,290,088	₱1,811,290,088
One year later	1,644,972,683	1,334,387,264	1,474,416,644	2,284,917,554	2,515,989,621	1,625,682,687	1,703,736,192	1,988,530,911	2,045,316,912	3,841,450,058		3,841,450,058
Two years later	1,513,180,554	1,109,734,138	1,583,073,953	2,136,100,144	2,572,749,969	1,617,813,515	1,516,205,751	1,787,547,331	4,114,222,515			4,114,222,515
Three years later	1,392,811,093	1,118,416,745	1,597,305,872	2,157,964,485	2,591,582,612	1,606,606,620	1,463,132,275	3,593,926,797				3,593,926,797
Four years later	1,448,372,375	1,119,923,776	1,615,170,823	2,199,824,442	2,497,616,472	1,570,998,357	2,949,718,708					2,949,718,708
Five years later	1,450,588,775	1,134,005,153	1,649,428,896	2,204,940,183	2,481,226,017	3,165,256,489						3,165,256,489
Six years later	1,456,821,442	1,131,095,243	1,649,808,775	2,211,150,836	4,964,283,030							4,964,283,030
Seven years later	1,457,062,047	1,131,202,484	1,650,151,828	4,424,402,199								4,424,402,199
Eight years later	1,457,080,288	1,125,078,396	3,302,401,169									3,302,401,169
Nine years later	1,456,592,767	2,250,256,090										2,250,256,090
Ten years later	2,915,485,844											2,915,485,844
Current estimate of cumulative claims	**2,915,485,844**	**2,250,256,090**	**3,302,401,169**	**4,424,402,199**	**4,964,283,030**	**3,165,256,489**	**2,949,718,708**	**3,593,926,797**	**4,114,222,515**	**3,841,450,058**	**1,811,290,088**	**37,332,692,987**
Cumulative payments to date	**2,913,285,719**	**2,250,256,090**	**3,302,005,317**	**4,416,879,318**	**4,958,230,890**	**3,159,627,029**	**2,939,616,883**	**3,583,502,905**	**4,099,530,714**	**3,676,824,628**	**842,351,854**	**36,142,111,347**
Total gross insurance contract liabilities included in the statement of financial position	**₱2,200,125**	**₱–**	**₱395,852**	**₱7,522,881**	**₱6,052,140**	**₱5,629,460**	**₱10,101,825**	**₱10,423,892**	**₱14,691,801**	**₱164,625,430**	**₱968,938,234**	**₱1,190,581,640**

Net of insurance contract liabilities as of December 31, 2024:

Accident Year	2014 & Prior	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Estimate of ultimate claims costs:												
At the end of accident year	₱1,959,005,282	₱1,545,523,033	₱1,518,896,704	₱1,316,458,820	₱1,758,411,545	₱2,044,159,281	₱1,216,512,186	₱1,285,145,865	₱1,502,648,807	₱1,756,039,957	₱1,751,883,039	₱1,751,883,039
One year later	1,365,296,999	1,644,972,683	1,334,387,264	1,474,416,644	2,284,917,554	2,515,989,621	1,625,582,687	1,703,736,192	1,988,530,911	3,801,356,868		3,801,356,868
Two years later	1,371,975,500	1,513,180,554	1,109,734,138	1,583,073,953	2,136,100,144	2,572,475,677	1,617,813,515	1,516,205,751	3,776,078,241			3,776,078,241
Three years later	1,367,513,105	1,392,811,093	1,118,416,745	1,597,305,872	2,157,893,085	2,591,582,612	1,606,606,620	2,979,338,026				2,979,338,026
Four years later	1,332,338,472	1,448,372,375	1,119,923,776	1,615,170,823	2,199,824,442	2,497,616,472	3,177,604,977					3,177,604,977
Five years later	1,346,955,177	1,450,588,775	1,134,005,153	1,649,428,896	2,204,940,183	4,978,842,489						4,978,842,489
Six years later	1,346,306,182	1,456,821,442	1,131,095,243	1,649,808,775	4,416,091,019							4,416,091,019
Seven years later	1,350,398,285	1,457,062,047	1,131,202,484	3,299,960,603								3,299,960,603
Eight years later	1,346,615,093	1,457,080,288	2,256,280,880									2,256,280,880
Nine years later	1,346,613,572	2,913,673,055										2,913,673,055
Ten years later	2,693,090,812											2,693,090,812
Current estimate of cumulative claims	2,693,090,812	2,913,673,055	2,256,280,880	3,299,960,603	4,416,091,019	4,978,842,489	3,177,604,977	2,979,338,026	3,776,078,241	3,801,356,868	1,751,883,039	36,044,200,009
Cumulative payments to date	2,693,062,748	2,913,668,090	2,256,226,343	3,299,910,394	4,409,317,195	4,966,622,682	3,165,817,360	2,965,297,453	3,756,213,867	3,625,641,307	900,207,625	34,951,985,064
Total gross insurance contract liabilities included in the statement of financial position	₱28,064	₱4,965	₱54,537	₱50,209	₱6,773,824	₱12,219,807	₱11,787,617	₱14,040,573	₱19,864,374	₱175,715,561	₱851,675,414	1,092,214,945

29.7 Financial Risk

The Company is exposed to financial risk through its financial assets and financial 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. These financial risks 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.

29.7.1 Credit Risk

Credit risk is a risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Prior to extending credit, the Company manages its credit risk by assessing the credit quality of its counterparties.

Another way by which the Company manages its credit risk exposure is through credit analysis. This is a process of assessing the credit quality of a counterparty that entails judgment. The credit policy group reviews all information about the counterparty which may include the counterparty's statement of financial position, statements of income and other market information. The nature of the obligation is likewise considered. Based upon this analysis, the credit analyst assigns the counterparty a credit rating to determine whether or not credit may be provided. Credit risk limit is also used to manage credit exposure which specifies exposure limits for each intermediary depending on the size of its portfolio and its ability to meet its obligation based on past experience.

The following table provides information regarding the credit risk exposure (gross of allowance for impairment losses) of the Company as of December 31, 2025 and 2024:

	2025	2024
Cash and cash equivalents*	**₱4,560,568,014**	₱4,869,470,766
Short-term investments	**176,773,592**	17,640,569
Insurance receivables:		
Due from agents and brokers	**4,108,483,164**	3,925,913,780
Reinsurance recoverable on paid losses	**662,848,569**	820,738,650
Due from ceding companies	**208,390,175**	292,087,597
Financial assets:		
Financial assets at FVPL	**1,939,882,214**	2,150,834,125
HTM financial assets	**747,384,923**	518,365,868
Loans and receivables	**38,410,541**	56,646,367
Total	**₱12,442,741,192**	₱12,651,697,722

**Amount excluding cash on hand.*

The following table provides information regarding the credit risk exposure of the Company classifying financial assets according to the Company's credit ratings of the counterparties:

As of December 31, 2025

	Neither Past Due nor Impaired		Past Due or	
	High	Medium	Impaired	Total
Cash and cash equivalents*	₱4,560,568,014	₱–	₱–	₱4,560,568,014
Short-term investments	176,773,592	–	–	176,773,592
Insurance receivables:				
Due from brokers and agents	2,119,242,505	474,428,764	1,514,811,895	4,108,483,164
Reinsurance recoverable on paid losses	208,718,325	64,620,129	389,510,115	662,848,569
Due from ceding companies	131,261,153	264,588	76,864,434	208,390,175
Financial assets:				
Financial assets at FVPL	1,939,882,214	–	–	1,939,882,214
HTM financial assets	747,384,923	–	–	747,384,923
Loans and receivables	36,374,248	–	2,036,293	38,410,541
Total	₱9,920,204,974	₱539,313,481	₱1,983,222,737	₱12,442,741,192

**Amount excluding cash on hand.*

As of December 31, 2024

	Neither Past Due nor Impaired		Past Due or	
	High	Medium	Impaired	Total
Cash and cash equivalents*	₱4,869,470,766	₱–	₱–	₱4,869,470,766
Short-term investments	17,640,569	–	–	17,640,569
Insurance receivables:				
Due from brokers and agents	1,665,616,115	424,798,914	1,835,498,751	3,925,913,780
Reinsurance recoverable on paid losses	285,887,275	63,214,368	471,637,008	820,738,651
Due from ceding companies	179,356,215	10,622,565	102,108,817	292,087,597
Financial assets:				
Financial assets at FVPL	2,150,834,125	–	–	2,150,834,125
HTM financial assets	518,365,868	–	–	518,365,868
Loans and receivables	54,653,763	–	1,992,604	56,646,367
Total	₱9,741,824,696	₱498,635,847	₱2,411,237,180	₱12,651,697,722

**Amount excluding cash on hand.*

Credit Risk Disclosures

The following table shows the carrying amounts of the following assets as of December 31, 2025 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 below is net of allowance for impairment losses.

	Total	High	Medium	Past Due
Cash and cash equivalents*	**₱4,560,568,014**	₱4,560,568,014	₱–	₱–
Short-term investments	**176,773,592**	176,773,592	–	–
Insurance receivables:				
Due from agents and brokers	**4,064,312,740**	2,119,242,505	474,428,764	1,470,641,471
Reinsurance recoverable on paid losses	**540,973,115**	208,718,325	64,620,129	267,634,661
Due from ceding companies	**206,921,748**	131,261,153	264,588	75,396,007
Financial assets at FVPL:				
Debt securities:				
Government	**1,926,045,554**	1,926,045,554	–	–
Private	**13,836,660**	13,836,660	–	–
HTM financial assets	**747,384,923**	747,384,923	–	–
Loans and receivables:				
Employee receivables	**10,259,948**	10,259,948	–	–
Interest receivables	**14,992,258**	14,992,258	–	–
Dividend receivables	**301,406**	301,406	–	–
Advances to a shareholder	**5,607,962**	5,607,962	–	–
Other receivables	**5,212,674**	5,212,674	–	–
	₱2,723,641,385	₱2,723,641,385	₱–	₱–

**Excluding cash on hand.*

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

Cash and Cash Equivalents, Financial Assets at FVPL and Loans and Receivables

High grade pertains to cash and cash equivalents deposited or invested in local banks belonging to the top 10 rankings and financial assets at FVPL with counterparties (including the Philippine Government) having a strong capacity to meet their obligations.

Insurance Receivables

High grade pertains to receivables from counterparties with strong capacity to meet their obligations and have no history of default in payment; medium grade pertains to receivables that are usually collected beyond 60 days. Accounts beyond the standard 90-day credit term are classified as 'past due'.

The tables below show the aging analysis of past due but not impaired and impaired financial assets:

As of December 31, 2025

	Past Due but not Impaired			
	91 to 120 days	**121 to 360 days**	**Over 360 days**	**Total**
Due from brokers and agents	**₱300,713,204**	**₱764,349,946**	**₱449,748,745**	**₱1,514,811,895**
Reinsurance recoverable on paid losses	**14,324,691**	**93,573,592**	**281,611,832**	**389,510,115**
Due from ceding companies	**2,057,920**	**35,669,755**	**39,136,759**	**76,864,434**
	₱317,095,815	**₱893,593,293**	**₱770,497,336**	**₱1,981,186,444**

	Impaired	**Total**
Due from brokers and agents	**(₱44,170,424)**	**₱1,470,641,471**
Reinsurance recoverable on paid losses	**(121,875,454)**	**267,634,661**
Due from ceding companies	**(1,468,427)**	**75,396,007**
	(₱167,514,305)	**₱1,813,672,139**

As of December 31, 2024

	Past Due but not Impaired			
	91 to 120 days	121 to 360 days	Over 360 days	Total
Due from brokers and agents	₱196,351,985	₱1,626,533,462	₱12,613,303	₱1,835,498,750
Reinsurance recoverable on paid losses	3,534,420	115,583,343	352,519,245	471,637,008
Due from ceding companies	3,405,402	46,278,579	52,424,837	102,108,818
	₱203,291,807	₱1,788,395,384	₱417,557,385	₱2,409,244,576

	Impaired	**Total**
Due from brokers and agents	(₱44,170,424)	₱1,791,328,326
Reinsurance recoverable on paid losses	(55,647,640)	415,989,368
Due from ceding companies	(1,468,427)	100,640,391
	(₱101,286,491)	₱2,307,958,085

29.7.2 Liquidity Risk

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

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Company manages liquidity through a liquidity risk policy which determines what constitutes liquidity risk for the Company; specifies minimum proportion of funds to meet emergency calls; set up of contingency funding plans; specifies the sources of funding and the events that would trigger the plan; determines concentration of funding sources; reports liquidity risk exposures and breaches; monitoring compliance with liquidity risk policy and reviews liquidity risk policy for pertinence and changing environment.

The table below analyzes financial assets and liabilities of the Company, as well as the claims payable and related recoverable on reinsurers, into their relevant maturity groups based on the remaining period at the reporting dates to their contractual maturities or expected repayment dates.

As of December 31, 2025

	Up to a Year	**1-3 Years**	**Over 3 Years**
Cash and cash equivalents*	**₱4,570,330,978**	**₱–**	**₱–**
Short-term investments*	**178,003,727**	–	–
Financial assets at FVPL*	**1,692,925,745**	**220,428,558**	**52,835,181**
AFS financial assets	–	–	–
HTM financial assets*	**675,494,007**	**92,845,338**	–
Reinsurance recoverable on unpaid losses	**5,602,958,457**	–	–
Insurance receivables – net	**4,812,207,603**	–	–
Loans and receivables – net	**36,374,248**	–	–
Total financial assets	**17,568,294,765**	**313,273,896**	**52,835,181**
Provisions for claims reported and IBNR claims	**7,888,947,084**	–	–
Insurance payables	**4,499,029,895**	–	–
Accounts payable and accrued expenses**	**831,549,420**	–	–
Lease liability	**80,580,205**	**87,810,743**	**660,391**
Other liabilities	**1,030,961,665**	–	–
Total financial liabilities	**14,331,068,269**	**87,810,743**	**660,391**
Net excess liquidity	**₱3,237,226,496**	**₱225,463,153**	**₱52,174,790**

	No Term	Total
Cash and cash equivalents*	₱–	₱4,570,330,978
Short-term investments*	–	178,003,727
Financial assets at FVPL*	–	1,966,189,484
AFS financial assets	420,794,373	420,794,373
HTM financial assets*	–	768,339,345
Reinsurance recoverable on unpaid losses	–	5,602,958,457
Insurance receivables – net	–	4,812,207,603
Loans and receivables – net	–	36,374,248
Total financial assets	420,794,373	18,355,198,215
Provisions for claims reported and IBNR claims	–	7,888,947,084
Insurance payables	–	4,499,029,895
Accounts payable and accrued expenses**	–	831,549,420
Lease liability	–	169,051,339
Other liabilities	–	1,030,961,665
Total financial liabilities	–	14,419,539,403
Net excess liquidity	₱420,794,373	₱3,935,658,812

**Amount includes future interest.*

***Amount excludes statutory liability.*

As of December 31, 2024

	Up to a Year	1-3 Years	Over 3 Years
Cash and cash equivalents*	₱4,876,243,806	₱–	₱–
Short-term investments*	17,745,117	–	–
Financial assets at FVPL*	1,895,154,535	105,647,889	191,511,327
AFS financial assets	–	–	–
HTM financial assets*	362,182,256	174,176,162	–
Reinsurance recoverable on unpaid losses	3,885,058,467	–	–
Insurance receivables – net	4,937,453,536	–	–
Loans and receivables – net	54,653,763	–	–
Total financial assets	16,028,491,480	279,824,051	191,511,327
Provisions for claims reported and IBNR claims	5,627,787,786	–	–
Insurance payables	4,928,578,250	–	–
Accounts payable and accrued expenses**	1,341,506,415	–	–
Lease liability	68,385,441	123,556,828	6,816,486
Other liabilities	1,065,859,229	–	–
Total financial liabilities	13,032,117,121	123,556,828	6,816,486
Net excess liquidity	₱2,996,374,359	₱156,267,223	₱184,694,841

	No Term	Total
Cash and cash equivalents*	₱–	₱4,876,243,806
Short-term investments*	–	17,745,117
Financial assets at FVPL*	–	2,192,313,751
AFS financial assets	377,027,373	377,027,373
HTM financial assets*	–	536,358,418
Reinsurance recoverable on unpaid losses	–	3,885,058,467
Insurance receivables – net	–	4,937,453,536
Loans and receivables – net	–	54,653,763
Total financial assets	377,027,373	16,876,854,231
Provisions for claims reported and IBNR claims	–	5,627,787,786
Insurance payables	–	4,928,578,250
Accounts payable and accrued expenses**	–	1,341,506,415
Lease liability	–	198,758,755
Other liabilities	–	1,065,859,229
Total financial liabilities	–	13,162,490,435
Net excess liquidity	₱377,027,373	₱3,714,363,796

**Amount includes future interest.*

***Amount excludes statutory liability.*

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 based on management's best estimate leveraging its past experiences.

29.7.3 Market Risk

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

The Company structures levels of market risk it accepts through a market risk policy that determines what constitutes market risk for the Company; the basis used to fair value financial assets and liabilities; asset allocation and portfolio limit structure; diversification benchmarks by type of instrument; the net exposure limits by each counterparty or group of counterparties, industry segments and market risk exposures; compliance with market risk policy and review of market risk policy for pertinence and changing environment.

29.7.4 Currency Risk

The Company's principal transactions are carried out in Philippine peso and its exposure to foreign exchange risk arises primarily with respect to the US and Singapore Dollar, Japanese Yen and Euro, as it deals with foreign reinsurers in its settlement of its obligations and receipt of any claim reimbursements.

The Company maintains US and Singapore Dollar-denominated, Japanese Yen and Euro-denominated fixed deposits to meet its dollar obligations from its dollar insurance products.

The following tables show the details of the Company's foreign currency-denominated monetary assets and their Philippine peso equivalents.

	2025			
	USD	PHP	JPY	PHP
Cash and cash equivalents	$ 19,635,651	₱1,154,379,906	¥ 3,093,550	₱1,161,937
Short-term investments	1,515,951	89,122,762	–	–
Premium receivable	28,875,772	1,697,606,621	–	–
Due from ceding companies	2,231,755	127,300,022	1,435,897	690,092
Reinsurance recoverable on paid losses	189,569	10,296,298	–	–
	$ 52,448,698	₱3,078,705,609	¥ 4,529,447	₱1,852,029

	2025			
	EUR	PHP	SGD	PHP
Cash and cash equivalents	€ 1,828,895	₱126,659,376	$–	₱–
Premium receivable	39	2,692	–	–
Reinsurance recoverable on paid losses	–	–	1,856	72,836
	€ 1,828,934	₱126,662,068	$ 1,856	₱72,836

2024						
		USD	PHP		JPY	PHP
Cash and cash equivalents	$	17,822,985	₱1,030,970,540	¥	4,825,397	₱1,771,886
Short-term investments		7,045	407,526		–	–
Premium receivable		21,487,646	1,249,626,362		–	–
Due from ceding companies		1,122,996	60,427,087		1,435,897	690,092
Reinsurance recoverable on paid losses		48,159	2,389,572		–	–
	$	40,488,831	₱2,343,821,087	¥	6,261,294	₱2,461,978

2024					
		EUR	PHP	SGD	PHP
Cash and cash equivalents	€	8,070,772	₱488,070,262	$–	₱–
Premium receivable		439,230	27,342,648	–	–
Reinsurance recoverable on paid losses		–	–	4,251	165,784
	€	8,510,002	₱515,412,910	$4,251	₱165,784

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Company's income before tax.

	As of December 31, 2025		As of December 31, 2024	
Currency	**Foreign currency appreciation / (depreciation)**	**Impact on income before tax Increase (decrease)**	Foreign currency appreciation / (depreciation)	Impact on income before tax Increase (decrease)
US Dollar	**1.61%**	**₱48,705,966**	4.28%	₱100,209,856
	-1.61%	**(48,705,966)**	-4.28%	(100,209,856)
Japanese Yen	**2.24%**	**37,196**	7.03%	161,541
	-2.24%	**(37,196)**	-7.03%	(161,541)
Euro	**12.68%**	**14,023,314**	1.65%	(8,510,002)
	-12.68%	**(14,023,314)**	-1.65%	8,510,002
Singaporean Dollar	**6.83%**	**5,410**	1.41%	2,560
	-6.83%	**(5,410)**	-1.41%	(2,560)

There is no other impact on the Company's equity other than those already affecting the statement of income.

29.7.5 Interest Risk

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

Floating rate instruments expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk. The Company's financial assets at FVPL, in particular, is exposed to fair value interest rate risk.

The Company's market risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

The following tables show information relating to the Company's interest-bearing financial assets based on maturity profile:

As of December 31, 2025

		Maturity			
	Interest rate (%)	**Within a year**	**1-3 years**	**3-7 Years**	**Total**
Cash in banks	**0.00 - 0.20**	**₱1,188,017,800**	**₱–**	**₱–**	**₱1,188,017,800**
Cash equivalents	**3.125 - 5.25**	**3,372,550,214**	**–**	**–**	**3,372,550,214**
Short-term investments	**3.03 - 4.25**	**176,773,592**	**–**	**–**	**176,773,592**
HTM financial assets	**0.00 - 6.10**	**664,008,104**	**83,376,819**	**–**	**747,384,923**
Financial assets at FVPL	**0.00 - 6.25**	**1,692,544,474**	**201,608,809**	**45,728,931**	**1,939,882,214**

As of December 31, 2024

		Maturity			
	Interest rate (%)	Within a year	1-3 years	3-7 Years	Total
Cash in banks	0.00 - 0.20	₱1,398,414,483	₱–	₱–	₱1,398,414,483
Cash equivalents	3.125 - 6.05	3,471,056,283	–	–	3,471,056,283
Short-term investment	3.15 - 3.50	17,640,569	–	–	17,640,569
HTM financial assets	0.00 - 4.75	358,808,951	159,556,917	–	518,365,868
Financial assets at FVPL	0.00 - 6.125	1,893,182,535	96,889,139	160,762,452	2,150,834,126

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on revaluing fixed rate financial assets at FVPL. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

	Change in interest rates	Impact on income before tax Increase (decrease)
December 31, 2025	**+50 basis points**	**(₱38,753,627)**
	-50 basis points	**₱38,788,313**
December 31, 2024	+50 basis points	(₱27,787,719)
	-50 basis points	₱27,809,141

There is no impact on the Company's equity other than those already affecting net income.

29.7.6 Price Risk

The Company's price risk exposure at year end relates to financial assets and liabilities whose values fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). This relates primarily to the Company's AFS equity financial assets.

Such equity securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Company's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; limits on investment in each sector and market.

The analysis below is performed for reasonably possible movements in the key variable, with all other variables held constant, showing the impact on equity that reflects changes in fair value of AFS equity financial assets.

	As of December 31, 2025		As of December 31, 2024	
Market Index	**Change in equity prices**	**Impact on equity Increase (decrease)**	Change in equity prices	Impact on equity Increase (decrease)
PSEi	**+7.86%**	**₱28,788,869**	+1.21%	₱2,502,005
PSEi	**-7.86%**	**(₱28,788,869)**	-1.21%	(₱2,502,005)

30. Fair Value Measurement

The following methods and assumptions are used to estimate the fair value of class of assets and liabilities for which it is practicable to estimate such value:

Cash and cash equivalents, short-term investments, insurance receivables, accounts receivables, insurance payables and accounts payable and accrued expenses.

Due to the short-term nature of the instruments, the fair values approximate the carrying amounts as of the reporting date.

Financial assets at FVPL, AFS financial assets and HTM financial assets

The fair value of financial assets at FVPL, AFS financial assets and HTM financial assets that are actively traded in organized financial markets are determined by reference to quoted market prices, at the close of business at each reporting date or the last trading day as applicable.

Fair value Hierarchy

The fair value hierarchy of the Company's financial and non-financial assets are summarized in the tables below.

	2025			
		Fair Value		
	Carrying Value	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets measured at fair value:				
Financial Assets:				
Financial assets at FVPL:				
Government securities	**₱1,926,045,554**	**₱1,926,045,554**	**₱–**	**₱–**
Private securities	**13,836,660**	**13,836,660**	–	–
AFS financial assets:				
Common shares	**216,824,423**	**216,824,423**	–	–
Preferred shares	**25,819,950**	**25,819,950**	–	–
Club Shares	**178,150,000**	**178,150,000**	–	–
Non-financial Assets:				
Investment properties	**1,068,923,202**	–	–	**1,068,923,202**
Property and equipment – at revalued amount	**1,458,081,581**	–	–	**1,458,081,581**
	₱4,887,681,370	**₱2,360,676,587**	**₱–**	**₱2,527,004,783**

2025

		Fair Value		
	Carrying Value	**Quoted Prices in active market (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets for which fair values are disclosed:				
Financial assets:				
HTM financial assets	**₱747,384,923**	**₱747,384,923**	**₱–**	**₱–**
Loans and receivables:				
Employee receivables	**10,259,948**	–	**10,259,948**	–
Interest receivables	**14,992,258**	–	**14,992,258**	–
Dividend receivables	**301,406**	–	**301,406**	–
Other receivables	**10,820,636**	–	**10,820,636**	–
	₱783,759,171	**₱747,384,923**	**₱36,374,248**	**₱–**

2024

		Fair Value		
	Carrying Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:				
Financial Assets:				
Financial assets at FVPL:				
Government securities	₱2,137,251,133	₱2,137,251,133	₱–	₱–
Private securities	13,582,992	13,582,992	–	–
Financial assets at AFS:				
Common shares	161,139,608	161,139,608	–	–
Preferred shares	43,787,765	43,787,765	–	–
Club Shares	172,100,000	172,100,000	–	–
Non-financial Assets:				
Investment properties	961,910,294	–	–	961,910,294
Property and equipment – at revalued amount	1,251,852,880	–	–	1,251,852,880
	₱4,741,624,672	₱2,527,861,498	₱–	₱2,213,763,174

2024

		Fair Value		
	Carrying Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed:				
Financial assets				
HTM financial assets	₱518,365,868	₱518,365,868	₱–	₱–
Loans and receivables:				
Employee receivables	10,390,816	–	10,390,816	–
Interest receivables	16,158,895	–	16,158,895	–
Dividend receivables	383,145	–	383,145	–
Other receivables	27,720,907	–	27,720,907	–
	₱573,019,631	₱518,365,868	₱54,653,763	₱–

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, 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).

	SPPI Financial Assets		Other Financial Assets	
	Fair Value	Fair Value Change	Fair Value	Fair Value Change
Financial assets at FVPL:				
Debt securities	₱–	₱–	₱1,939,882,214	₱77,576,626
AFS financial assets:				
Common shares	–	–	216,824,423	26,680,524
Preferred shares	–	–	25,819,950	(102,550)
Club shares	–	–	178,150,000	176,797,000
HTM financial assets	747,384,923	–	–	–
Cash and cash equivalents*	4,561,166,014	–	–	–
Short-term investments*	176,773,592	–	–	–
Insurance receivables*:				
Due from agents and broker	4,108,483,164	–	–	–
Reinsurance recoverable on paid losses	662,848,569	–	–	–
Due from ceding companies	208,390,175	–	–	–
Loans and receivables*:				
Employee receivables	12,296,241	–	–	–
Interest receivables	14,992,258	–	–	–
Dividend receivables	301,406	–	–	–
Advances to a shareholder	5,607,962	–	–	–
Other receivables	5,212,674	–	–	–

**Amortized cost of these financial assets has been used as a reasonable approximation of fair value.*

As of April 7, 2026, the date of valuation, the non-financial assets' fair values are based on the valuations performed by CAI.

The valuation techniques applied and the key inputs used in determining the fair values of investment properties and property and equipment carried at revalued amounts are as follows:

		2025	2024
Location	**Significant unobservable inputs**	**Range (weighted average)**	
Block 3, Lot 5 Barangay East Greenhills, Mandaluyong City	External factor	**-7%**	-5%
	Net price (₱/sq.m)	**₱391,201**	₱354,651
	Internal factor		
	Location	**11%**	5%
	Size	**0%**	0%
	Improvement	**7%**	5%
	Algebraic sum of internal factor	**18%**	15%
	Computed Value	**₱460,717**	₱407,849
Block 3, Lot 2 Barangay East Greenhills, Mandaluyong City	External factor	**-10%**	-5%
	Net price (₱/sq.m)	**₱487,212**	₱354,651
	Internal factor		
	Location	**-2%**	5%
	Improvement	**0%**	5%
	Algebraic sum of internal factor	**-2%**	15%
	Computed Value	**₱460,588**	₱407,849
Rizal Street, Barangay 21 Bacolod City, Negros Occidental	External factor	**-7%**	-10%
	Net price (₱/sq.m)	**₱47,086**	₱47,571
	Internal factor		
	Location	**13%**	3%
	Size	**-7%**	1%
	Use	**2%**	0%
	Algebraic sum of internal factor	**8%**	2%
	Computed Value	**₱50,895**	₱48,578

Altamira Subdivision, within Puerto Azul, Brgy. Sapang II Ternate Cavite	External factor	**-10%**	-20%
	Net price (₱/sq.m)	**₱5,250 - ₱13,800**	₱6,480 - ₱12,266
	Internal factor		
	Location	**-5%**	-10%
	Algebraic sum of internal factor	**-5%**	-10%
	Computed Value	**₱4,988 - ₱13,110**	₱6,480 - ₱11,040
Brgy. Holy Spirit, Quezon City, Metro Manila	External factor	**-12%**	-10%
	Net price (₱/sq.m)	**₱49,500 - ₱59,500**	₱49,500 - ₱58,500
	Internal factor		
	Size	**2% - 3%**	3% - 4%
	Algebraic sum of internal factor	**2% - 3%**	3% - 7%
	Computed Value	**₱50,490-₱59,500**	₱46,035-₱58,500

Significant increases (decreases) in price per square meter and size of property and equipment at revalued amount and investment property would result in a significantly higher (lower) fair value of the property.

Significant increases (decreases) in discount would result in a significantly lower (higher) fair value of the properties.

31. Maturity Profile of Assets and Liabilities

The Company's classification of its accounts is as follows:

	2025		
	Current	**Non-current**	**Total**
Assets			
Cash and cash equivalents	**₱4,561,166,014**	**₱–**	**₱4,561,166,014**
Short-term investments	**176,773,592**	**–**	**176,773,592**
Insurance receivables – net	**4,812,207,603**	**–**	**4,812,207,603**
Financial assets			
Financial assets at fair value through profit or loss	**1,939,882,214**	**–**	**1,939,882,214**
Available-for-sale financial assets	**420,794,373**	**–**	**420,794,373**
HTM financial assets	**664,008,104**	**83,376,819**	**747,384,923**
Loans and receivables – net	**36,374,248**	**–**	**36,374,248**
Deferred acquisition costs	**887,509,195**	**–**	**887,509,195**
Reinsurance assets	**8,909,054,641**	**–**	**8,909,054,641**
Property and equipment – net	**–**	**1,458,081,581**	**1,458,081,581**
Investment properties	**–**	**1,068,923,202**	**1,068,923,202**
Intangible assets – net	**–**	**119,598,328**	**119,598,328**
Right-of-use assets	**–**	**153,230,068**	**153,230,068**
Net pension asset	**–**	**96,243,060**	**96,243,060**
Other assets	**880,470,881**	**–**	**880,470,881**
Total assets	**₱23,288,240,865**	**₱2,979,453,058**	**₱26,267,693,923**
Liabilities			
Insurance contract liabilities	**₱13,629,621,810**	**₱–**	**₱13,629,621,810**
Insurance payables	**4,499,029,895**	**–**	**4,499,029,895**
Accounts payable and accrued expenses	**2,758,053,674**	**–**	**2,758,053,674**
Lease liabilities	**80,580,205**	**88,471,134**	**169,051,339**
Deferred reinsurance commissions	**117,292,314**	**–**	**117,292,314**
Deferred tax liabilities – net	**–**	**39,545,579**	**39,545,579**
Other liabilities	**1,030,961,665**	**–**	**1,030,961,665**
Total liabilities	**₱22,115,539,563**	**₱128,016,713**	**₱22,243,556,276**

2024	Current	Non-current	Total
Assets			
Cash and cash equivalents	₱4,870,068,766	₱–	₱4,870,068,766
Short-term investments	17,640,569	–	17,640,569
Insurance receivables – net	4,937,453,536	–	4,937,453,536
Financial assets			
Financial assets at fair value through profit or loss	2,150,834,125	–	2,150,834,125
Available-for-sale financial assets	377,027,373	–	377,027,373
HTM financial assets	358,808,951	159,556,917	518,365,868
Loans and receivables – net	54,653,763	–	54,653,763
Deferred acquisition costs	1,210,828,012	–	1,210,828,012
Reinsurance assets	6,637,123,287	–	6,637,123,287
Property and equipment – net	–	1,251,852,880	1,251,852,880
Investment properties	–	961,910,294	961,910,294
Intangible assets – net	–	119,554,812	119,554,812
Right-of-use assets	–	183,897,577	183,897,577
Net pension asset	–	79,251,815	79,251,815
Deferred tax assets – net	–	5,833,393	5,833,393
Other assets	816,320,884	–	816,320,884
Total assets	₱21,430,759,266	₱2,761,857,688	₱24,192,616,954
Liabilities			
Insurance contract liabilities	₱11,639,067,072	₱–	₱11,639,067,072
Insurance payables	4,928,578,250	–	4,928,578,250
Accounts payable and accrued expenses	2,721,114,304	–	2,721,114,304
Lease liabilities	68,385,441	130,373,314	198,758,755
Deferred reinsurance commissions	98,448,275	–	98,448,275
Other liabilities	1,065,859,229	–	1,065,859,229
Total liabilities	₱20,521,452,571	₱130,373,314	₱20,651,825,885

32. Notes to Statement of Cash Flows

The changes in lease liabilities arising from financing activities are as follows:

	2025	2024
Balance at beginning of year	**₱198,758,756**	₱250,395,968
Changes in financing cash flows:		
Lease payments	**(91,450,012)**	(87,064,622)
Non-cash changes:		
Additions	**47,110,231**	18,224,911
Lease terminations and adjustments	**1,054**	(1,584,342)
Interest expense on lease liabilities	**14,631,311**	18,786,841
	₱169,051,340	₱198,758,756

The increase in accounts payable and accrued expenses presented under operating activities in the statement of cash flows for 2024 was computed as follows:

	2024
Ending balance	₱2,721,114,304
Less: Beginning balance	(1,924,150,354)
Less: Non-cash movements	(38,000,000)
Increase in accounts payable and accrued expenses under operating activities	₱758,963,950

In 2025, the Company restated the 2024 comparative statement of cash flows to reclassify collections from advances to shareholder amounting to ₱15.72 million from operating activities to investing activities inaccordance with PAS 7.

The restatement pertains solely to classification within the statement of cash flows and does not affect the total net increase (decrease) in cash and cash equivalents.

The non-cash movement of ₱38.00 million pertains to the reversal of provisions for legal claims recognized as miscellaneous income.

33. Prior Period Restatement

Certain comparative figures for 2024 were restated in the 2025 financial statements to reflect the reclassification of deposits for future stock subscription to capital stock and the reclassification of certain cash flows within the statement of cash flows. The effects of the restatement are as follows:

	2024 *(Before restatement)*	Restatement	2024 *(As restated)*
Effect in Statement of Financial Position			
Capital stock	₱1,500,000,000	₱1,250,000,000	₱2,750,000,000
Deposits for future subscription	1,250,000,000	(1,250,000,000)	–

	2024 *(Before restatement)*	Restatement	2024 *(As restated)*
Effect in Statement of Cash Flows			
Net cash provided by operating activities	₱465,914,133	(₱15,722,770)	₱450,191,363
Net cash provided by investing activities	95,772,007	15,722,770	111,494,777

The restatement pertains solely to presentation and classification matters and does not affect total assets, total liabilities, total equity, retained earnings, net income, or net increase (decrease) in cash and cash equivalents.

Management assessed that the restatement did not have a material effect on the statement of financial position as of January 1, 2024. Accordingly, a third statement of financial position is not presented.

34. Supplementary Information Required under Revenue Regulations No. 15-2010

In compliance with the requirements set forth by Revenue Regulations (RR) No. 15-2010 hereunder are the information on taxes and license fees paid or accrued for the years ended December 31, 2025 and 2024.

a. Value-Added Tax (VAT)

   i. The Company is a VAT-registered entity with output VAT declarations of ₱1,506.54 million in 2025 and ₱1,305.98 million in 2024, based on total paid direct premiums of ₱12,528.31 million and ₱10,883.13 million, respectively.

   ii. The amount of input VAT taxes claimed in 2025 and 2024 are broken down as follows:

	2025	2024
Balance at January 1	**₱121,756,779**	₱44,513,594
Current year's purchases/payments:		
Goods other than for resale	**2,838,040**	2,739,613
Services paid lodged under operating expenses	**421,075,122**	339,667,899
	545,669,941	386,921,106
Less: Input VAT applied against Output VAT	**389,714,895**	265,164,327
Balance at December 31	**₱155,955,046**	₱121,756,779

b. Taxes relating to Nonlife Insurance Polices

Taxes relating to nonlife insurance policies that have been shifted or passed on the policy holders and are not recognized in the statement of comprehensive income are as follows:

i The total documentary stamp tax (DST) affixed on insurance policies amounted to ₱1,281.91 million and ₱907.44 in 2025 and 2024, respectively.

ii Other taxes during year which represent the total amount accrued and paid follow:

	2025	2024
Fire service taxes	**₱90,127,960**	₱64,612,287
Local government taxes	**17,108,012**	23,176,560
Premium taxes	**5,693,225**	4,197,890
	₱112,929,197	₱91,986,737

c. Other Taxes and Licenses

Details of other taxes, local and national, including real estate taxes, license and permit fees are presented in the succeeding tables.

i. National taxes and licenses:

	2025	2024
DST	**₱11,524,378**	₱1,062,477
IC fees	**2,951,505**	6,289,261
Fringe benefits tax	**565,192**	610,007
LTO registration	**392,737**	338,020
SEC filing fees	**–**	8,085,220
Annual registration/Certification fee-BIR	**–**	20,530
Other BIR fees	**547,454**	–
	₱15,981,266	₱16,405,516

ii. Local taxes and licenses:

	2025	2024
Real property tax	**₱2,485,638**	₱2,205,355
Mayor's permit	**1,668,388**	1,072,896
Notarial fees	**262,065**	338,978
Community tax certificate	**13,056**	22,882
Other fees	**63,492**	1,754,292
	₱4,492,639	₱5,394,403

d. Excise Tax

The Company did not incur any excise tax in 2025 and 2024.

e. Withholding Taxes

The amount of withholding taxes for the year amounted to:

	2025	2024
Expanded withholding taxes	₱293,911,499	₱290,457,529
Tax on compensation and benefits	92,451,074	85,076,265
	₱386,362,573	₱375,533,794

f. In August 2025, the Company received a Letter of Authority (LOA) covering taxable year 2024. The examination remains ongoing as of the date of approval of the financial statements.

On the other hand, in October 2024, the Company paid tax assessments for the taxable year 2023 amounting to ₱250 million, inclusive of interest and penalty.

g. Import costs (landed, custom duties) are not applicable for the Company.

PRUDENTIAL GUARANTEE AND ASSURANCE, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Total Audit Fees	**₱3,500,000**	₱3,500,000
Non-audit services fees:		
Other assurance services	₱–	₱–
Tax services	–	–
All other services	–	–
Total Non-audit Fees	**₱–**	₱–
Total Audit and Non-audit Fees	**₱3,500,000**	₱3,500,000