



SECURITIES AND EXCHANGE COMMISSION

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Company Name: MANILA BANKERS LIFE INSURANCE CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF MB LIFE

Industry Classification: J65990

Company Type: Stock Corporation

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



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COVER SHEET

for AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

			M	A	N	I	L	A			B	A	N	K	E	R	S			L	I	F	E		A	N	D						
			G	E	N	E	R	A	L			A	S	S	U	R	A	N	C	E			C	O	R	P	O	R	A	T	I	O	N
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Principal Office (No./Street/Barangay/City/Town)Province)

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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

rizalmeru@yahoo.com

Company's Telephone Number/s

88810 - 1072 loc. 206

Mobile Number

0917-577-3885

No. of Stockholders

Three Hundred Twenty Seven (327)

Annual Meeting
Month/Day

3rd Wednesday of May

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Rizal Antonio D. Meru

Email Address

customer care@manilabankerslife.com

Telephone Number/s

88810 - 1072 loc. 206

Mobile Number

0917-7052545

Contact Person's Address

3RD FLOOR VGP CENTER, AYALA AVENUE, MAKATI CITY

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.

NOTE 2: All Boxes must properly and completely filled-up. 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.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submit the same to the stockholders.

AMC & Associates, the independent auditor appointed by the stockholders, has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


ATTY. TRANQUIL GERVACIO S. SALVADOR III
Chairman


FERDINAND N. SANTOS
President


LOUIS BARTOLOME J. BORJA
Treasurer

Signed this 15TH day of MAY 2026



Financial Statements

**MANILA BANKERS LIFE AND GENERAL
ASSURANCE CORPORATION**
*(Formerly Manila Bankers Life and General
Insurance Corporation)*

December 31, 2025 and 2024



Aquino, Mata, Calica & Associates
Certified Public Accountants
Suite 1805 - 1807 Cityland Condominium 10 Tower 2
H.V. Dela Costa St., Makati City, 1227 Philippines
T +63 2 8841 0462 • +63 2 8893 0287

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Manila Bankers Life and General Assurance Corporation
(Formerly Manila Bankers Life and General Insurance Corporation)
3rd Floor, VGP Center
6772 Ayala Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Manila Bankers Life and General Assurance Corporation** (the "Parent Company"), which comprises the statements of financial position as at December 31, 2025, 2024 and January 1, 2024, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years then ended December 31, 2025 and 2024 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 Parent Company as at December 31, 2025, 2024 and January 1, 2024, and its financial performance and its cash flows for the years then ended December 31, 2025 and 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

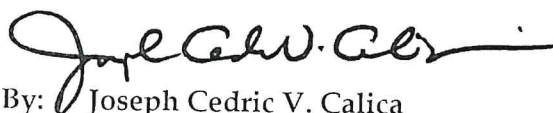
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent 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 Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 40 of the financial statements is presented for purposes of additional analysis and is not a required part of basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of Parent Company's management. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

AMC & ASSOCIATES



By: Joseph Cedric V. Calica
Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 10770261, Jan. 9, 2026, Makati City

BIR Accreditation No. 08-002582-001-2023

(issued on Oct. 12, 2023 valid until Oct. 11, 2026)

SEC Accreditation No. 94541-SEC (Group A)

(valid to audit 2023 to 2027 financial statements)

IC Accreditation No. IC-EA-2026-0049-R (Group A)

(valid to audit 2025 to 2027 financial statements)

BSP Accreditation No. 94541-BSP (Group B)

(valid to audit 2021 to 2025 financial statements)

May 15, 2026

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026

BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026

SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements

BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements

CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



Aquino, Mata, Calica & Associates
Certified Public Accountants
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H.V. Dela Costa St., Makati City, 1227 Philippines
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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Manila Bankers Life and General Assurance Corporation
(Formerly Manila Bankers Life and General Insurance Corporation)
3rd Floor VGP Center
6772 Ayala Avenue
Makati City

We have audited the financial statements of **Manila Bankers Life and General Assurance Corporation** for the year ended December 31, 2025, on which we have rendered the attached report dated May 15, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has 57 stockholders owning 100 or more shares each of the Parent Company's common stock as at December 31, 2025, as disclosed in Note 32 of the financial statements.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**

Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 10770261, Jan. 9, 2026, Makati City

BIR Accreditation No. 08-002582-001-2023

(issued on Oct. 12, 2023 valid until Oct. 11, 2026)

SEC Accreditation No. 94541-SEC (Group A)

(valid to audit 2023 to 2027 financial statements)

IC Accreditation No. IC-EA-2026-0049-R (Group A)

(valid to audit 2025 to 2027 financial statements)

BSP Accreditation No. 94541-BSP (Group B)

(valid to audit 2021 to 2025 financial statements)

May 15, 2026

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026

BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026

SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements

BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements

CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025, 2024, AND JANUARY 1, 2024
(Amounts in Philippine Peso)

	2025	2024 <i>(As Restated, see Note 32)</i>	January 1, 2024 <i>(As Restated, see Note 32)</i>
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents <i>(Note 5)</i>	P 755,987,591	P 715,670,625	P 496,202,008
Loans and other receivables <i>(Note 6)</i>	26,593,095	236,420,261	22,572,620
Financial assets at amortized cost <i>(Note 11)</i>	132,580,000	398,867,017	-
Insurance contract receivables <i>(Note 7)</i>	31,842,989	13,072,821	26,234,794
Accrued interest receivable <i>(Note 8)</i>	17,638,651	20,082,375	3,300,159
Prepayments and other current assets <i>(Note 9)</i>	40,385,929	22,842,973	16,950,420
Total Current Assets	<u>1,005,028,255</u>	<u>1,406,956,072</u>	<u>565,260,001</u>
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income <i>(Note 10)</i>	701,370,878	658,905,011	634,843,550
Loans and other receivables <i>(Note 6)</i>	20,266,673	20,893,546	21,290,755
Financial assets at amortized cost <i>(Note 11)</i>	293,308,634	186,505,648	697,715,289
Investment in an associate <i>(Note 12)</i>	360,002,656	-	-
Investment in a subsidiary <i>(Note 13)</i>	70,000,000	70,000,000	70,000,000
Investment property <i>(Note 14)</i>	503,297,518	172,222,818	172,222,818
Property and equipment <i>(Note 15)</i>	25,701,859	33,183,640	28,476,806
Other non-current assets <i>(Note 16)</i>	36,882,857	26,655,960	24,483,555
Total Non-current Assets	<u>2,010,831,075</u>	<u>1,168,366,623</u>	<u>1,649,032,773</u>
TOTAL ASSETS	<u>P 3,015,859,330</u>	<u>P 2,575,322,695</u>	<u>P 2,214,292,774</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Policy and contract claims payable <i>(Note 17)</i>	P 39,828,537	P 124,385,162	P 27,289,725
Premium deposit fund <i>(Note 18)</i>	273,648,159	271,344,490	186,042,449
Insurance payables <i>(Note 19)</i>	3,751,294	3,058,723	1,381,280
Income tax payable	9,459,046	8,407,168	16,509,029
Payables and other liabilities <i>(Note 20)</i>	107,258,395	153,093,857	80,982,385
Total Current Liabilities	<u>433,945,431</u>	<u>560,289,400</u>	<u>312,204,868</u>
NON-CURRENT LIABILITIES			
Legal policy reserve <i>(Note 21)</i>	491,256,989	380,785,505	305,456,094
Deferred tax liabilities <i>(Note 31)</i>	121,836,029	40,149,054	40,525,163
Retirement benefit obligation <i>(Note 22)</i>	5,054,541	7,113,344	5,608,908
Total Non-current Liabilities	<u>618,147,559</u>	<u>428,047,903</u>	<u>351,590,165</u>
Total Liabilities	<u>1,052,092,990</u>	<u>988,337,303</u>	<u>663,795,033</u>
EQUITY			
Capital stock <i>(Note 32)</i>	625,000,000	625,000,000	625,000,000
Contingency surplus <i>(Note 32)</i>	83,936,616	83,936,616	83,936,616
Contributed surplus <i>(Note 32)</i>	371,936,724	371,936,724	371,936,724
Revaluation reserves <i>(Note 32)</i>	21,786,914	86,458,895	183,010,371
Equity share in other comprehensive loss <i>(Note 32)</i>	(1,282,709)	-	-
Retained earnings <i>(Note 32)</i>	862,388,795	419,653,157	286,614,030
Total Equity	<u>1,963,766,340</u>	<u>1,586,985,392</u>	<u>1,550,497,741</u>
TOTAL LIABILITIES AND EQUITY	<u>P 3,015,859,330</u>	<u>P 2,575,322,695</u>	<u>P 2,214,292,774</u>

See Notes to Financial Statements.



MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	<u>2025</u>	<u>2024</u>
INSURANCE PREMIUMS <i>(Note 23)</i>		
Gross premiums on insurance contracts	P 1,130,993,036	P 1,046,871,351
Reinsurers' share of gross premiums on insurance contracts	(<u>4,825,871</u>)	(<u>4,979,207</u>)
	<u>1,126,167,165</u>	<u>1,041,892,144</u>
NET INSURANCE BENEFITS AND CLAIMS		
Gross benefits and claims paid on insurance contract <i>(Note 26)</i>	473,238,033	571,659,696
Commission <i>(Note 24)</i>	244,434,720	162,450,980
Gross change in legal policy reserve <i>(Note 21)</i>	78,720,887	64,692,885
Underwriting <i>(Note 25)</i>	<u>11,975,834</u>	<u>22,507,151</u>
	<u>808,369,474</u>	<u>821,310,712</u>
GENERAL AND ADMINISTRATIVE EXPENSES <i>(Note 27)</i>	<u>137,785,278</u>	<u>132,612,561</u>
OPERATING PROFIT	<u>180,012,413</u>	<u>87,968,871</u>
OTHER INCOME (CHARGES)		
Revaluation gain on investment property <i>(Note 14)</i>	331,074,700	-
Finance income <i>(Note 28)</i>	73,019,411	94,245,501
Other income <i>(Note 29)</i>	40,654,463	22,107,077
Equity share in net loss of investment in an associate <i>(Note 12)</i>	(10,763,869)	-
Finance cost <i>(Note 30)</i>	(<u>26,449,162</u>)	(<u>11,118,117</u>)
	<u>407,535,543</u>	<u>105,234,461</u>
PROFIT BEFORE TAX	587,547,956	193,203,332
TAX EXPENSE <i>(Note 31)</i>	<u>148,005,118</u>	<u>63,357,005</u>
NET PROFIT	<u>439,542,838</u>	<u>129,846,327</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of retirement benefit plan <i>(Note 22)</i>	3,186,168	(31,375)
Fair value loss on financial assets at fair value through other comprehensive income <i>(Note 10)</i>	(33,714,610)	(82,690,775)
Remeasurement of legal policy reserves <i>(Note 21)</i>	(31,750,597)	(10,636,526)
Equity share in other comprehensive loss of investment in an associate <i>(Note 12)</i>	(1,282,709)	-
Tax benefit <i>(Note 31)</i>	<u>799,858</u>	<u>-</u>
	(<u>62,761,890</u>)	(<u>93,358,676</u>)
TOTAL COMPREHENSIVE INCOME	<u>P 376,780,948</u>	<u>P 36,487,651</u>

See Notes to Financial Statements.

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	Capital Stock <i>(Note 32)</i>	Contingency Surplus <i>(Note 32)</i>	Contributed Surplus <i>(Note 32)</i>	Revaluation Reserve <i>(Note 32)</i>	Equity Share in Other Comprehensive Loss <i>(Note 32)</i>	Retained Earnings <i>(Note 32)</i>	Total
Balance at January 1, 2025							
As previously reported	P 625,000,000	P 83,936,616	P 371,936,724	P 108,989,755	P -	P 444,453,253	P 1,634,316,348
Prior period adjustments	-	-	-	(22,530,860)	-	(24,800,096)	(47,330,956)
As restated	625,000,000	83,936,616	371,936,724	86,458,895	-	419,653,157	1,586,985,392
Transfer from revaluation reserves							
absorbed through depreciation of building	-	-	-	(3,192,800)	-	3,192,800	-
Total comprehensive income (loss) for the year	-	-	-	(61,479,181)	(1,282,709)	439,542,838	376,780,948
Balance at December 31, 2025	<u>P 625,000,000</u>	<u>P 83,936,616</u>	<u>P 371,936,724</u>	<u>P 21,786,914</u>	<u>(P 1,282,709)</u>	<u>P 862,388,795</u>	<u>P 1,963,766,340</u>
Balance at January 1, 2024							
As previously reported	P 625,000,000	P 83,936,616	P 371,936,724	P 205,541,231	P -	P 311,414,126	P 1,597,828,697
Prior period adjustments <i>(Note 32)</i>	-	-	-	(22,530,860)	-	(24,800,096)	(47,330,956)
As restated	625,000,000	83,936,616	371,936,724	183,010,371	-	286,614,030	1,550,497,741
Transfer from revaluation reserves							
absorbed through depreciation of building	-	-	-	(3,192,800)	-	3,192,800	-
Total comprehensive income (loss) for the year	-	-	-	(93,358,676)	-	129,846,327	36,487,651
Balance at December 31, 2024	<u>P 625,000,000</u>	<u>P 83,936,616</u>	<u>P 371,936,724</u>	<u>P 86,458,895</u>	<u>P -</u>	<u>P 419,653,157</u>	<u>P 1,586,985,392</u>

See Notes to Financial Statements.





MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	P 587,547,956	P 193,203,332
Adjustments for:		
Revaluation adjustment on legal policy reserve <i>(Note 21)</i>	78,720,887	64,692,885
Depreciation and amortization <i>(Note 15)</i>	15,622,112	5,202,970
Interest expense <i>(Note 18)</i>	14,762,808	3,606,966
Equity share in net loss of investment in an associate <i>(Note 12)</i>	10,763,869	-
Retirement benefit expense <i>(Note 22)</i>	1,127,365	1,473,061
Net premium due and uncollected <i>(Note 23)</i>	(3,508,334)	10,698,541
Dividend income <i>(Note 10)</i>	(13,886,970)	(12,294,949)
Interest income <i>(Note 28)</i>	(59,132,441)	(81,950,552)
Fair value gain on investment property <i>(Note 14)</i>	(331,074,700)	-
Operating profit before working capital changes	300,942,552	184,632,254
Decrease (increase) in loans and other receivables	210,454,039	(213,450,432)
Decrease (increase) in insurance contract receivables	(18,770,168)	13,161,973
Increase in prepayments and other current assets	(17,542,956)	(5,892,553)
Increase in other non-current assets	(10,226,897)	(2,172,405)
Increase (decrease) in policy and contract claims payable	(81,048,291)	86,396,896
Increase in premium deposit fund	2,303,669	85,302,041
Increase in insurance payables	692,571	1,677,443
Increase (decrease) in payables and other liabilities	(45,835,462)	72,111,472
Cash generated from operations	340,969,057	221,766,689
Interest received <i>(Note 5)</i>	31,582,458	34,113,805
Interest paid <i>(Note 18)</i>	(14,762,808)	(3,606,966)
Cash paid for income taxes <i>(Note 31)</i>	(64,466,407)	(71,834,975)
Net Cash From Operating Activities	293,322,300	180,438,553
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from financial assets at amortized cost <i>(Note 11)</i>	159,484,031	112,342,624
Interest received <i>(Note 28)</i>	29,993,707	31,054,531
Dividend received <i>(Note 10)</i>	13,886,970	12,294,949
Acquisitions of property and equipment <i>(Note 15)</i>	(8,140,331)	(9,909,804)
Net additions to financial assets at fair value through other comprehensive income <i>(Note 10)</i>	(76,180,477)	(106,752,236)
Additions to investment in an associate <i>(Note 12)</i>	(372,049,234)	-
Net Cash From (Used in) Investing Activities	(253,005,334)	39,030,064
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,316,966	219,468,617
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	715,670,625	496,202,008
CASH AND CASH EQUIVALENTS AT END OF YEAR <i>(Note 5)</i>	<u>P 755,987,591</u>	<u>P 715,670,625</u>

See Notes to Financial Statements.



MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
(Formerly Manila Bankers Life and General Insurance Corporation)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Corporate Information

Manila Bankers Life and General Assurance Corporation (the “Parent Company”) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 15, 1967 under SEC Registration Number 15238. The Parent Company is formed and organized primarily to conduct and transact life, accident and health insurance business. The Parent Company is also engaged in the reinsurance of any risk and to undertake all kinds of reinsurance, to the extent allowed by law.

On January 31, 2024, the SEC approved the change in the Parent Company’s name from Manila Bankers Life and General Insurance Corporation to Manila Bankers Life and General Assurance Corporation.

On March 25, 2008, the Securities and Exchange Commission approved the extension of the corporate term for another fifty (50) years and after the date of its expiration which is on April 13, 2009.

In 2005, the Parent Company entered into an Assumption Reinsurance Agreement with Paramount Life and General Insurance Parent Company (Paramount), which was duly approved by the Insurance Commission. Paramount agreed to assume from the Parent Company the Individual Life Insurance business portfolio through its regular, salary deduction and direct marketing lines under its terms and conditions.

The Parent Company’s registered office is located at 3rd VGP Center, 6772 Ayala Avenue, Makati City.

Approval of Financial Statements

The Parent Company’s financial statements as at and for the year ended December 31, 2025 (including the comparatives as at and for the year ended December 31, 2024) was authorized for issue by the Parent Company’s Board of Directors (BOD) on May 15, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these financial statements are summarized in the succeeding pages. These policies have been consistently applied to all the years presented unless otherwise stated.



Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards

The financial statements of the Parent Company have been prepared in accordance with PFRS Accounting Standards. PFRS Accounting Standards are adopted by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy (BOA).

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of liability, income and expense. The measurement bases are more fully described in the accounting policies in the succeeding pages.

b. Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard PAS 1, *Presentation of Financial Statements*. The Parent Company presents all items of income and expenses in a single statement of comprehensive income.

The Parent Company presents the third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine peso, the Parent Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Parent Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Parent Company operates.

Adoption of Amended PFRS Accounting Standards

a. Effective in 2025 that are Relevant to the Parent Company

The Parent Company adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Parent Company.



b. *Effective Subsequent to 2025 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Parent Company's financial statements:

- i. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).
- ii. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to Contracts Referencing Nature-dependent Electricity* (effective from January 1, 2026).
- iii. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2027).
- iv. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2027).
- v. PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- vi. PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027). The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- vii. PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely).

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



The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

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

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. Early application is permitted.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 Insurance Contracts that further defers the date of initial application by an additional two (2) years, to annual periods beginning on after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

As of report date, the Parent Company has not yet adopted PFRS 17. The Parent Company will be ready in the timeline prescribed by the Insurance Commission. Further, the Parent Company engaged the services of P&A Grant Thornton and Asian Actuaries for the implementation of this amendment which they will provide technical assistance on the adoption of PFRS 17 to the Parent Company.

Current versus Non-Current Classification

The Parent Company presents assets and liabilities in the statements of financial position based on current and non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities.



Insurance Contracts

Insurance contracts are those contracts when the Parent 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 Parent Company determines whether it has significant risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without discretionary participation feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- which amount or timing is contractually at the discretion of the issuer; and,
- contractually based on the following:
 - performance of a specified pool of contracts or a specified type of contract;
 - realized or an unrealized investment returns on a specified pool of assets held by the issuer; or,
 - the profit or loss of the Parent Company, fund or other entity that issues the contract.

The additional benefits include policy dividends that are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included as part of Gross benefits and claims under the Net insurance benefits and claims account in the statements of income with the corresponding liability recognized as part of Policy and contract claims payable account in the statements of financial position.

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Parent Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.



The classification and measurement of financial assets are described below:

i. *Financial Assets at Amortized Cost*

Financial assets are measured at amortized cost if both of the following conditions are met:

- hold to collect business model test — the asset is held within the Parent Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- solely payment of principal and interest (SPPI) contractual cash flows — the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for loans and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Parent Company's financial assets at amortized cost are presented in the statement of financial position as cash and cash equivalents, loan and other receivables, insurance contract receivables, accrued interest receivable and financial assets at amortized cost.

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statements of comprehensive income as part of Finance income.

ii. *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)*

The Parent Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell ("hold to collect and sell"); and,



- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Parent Company can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Parent Company for trading or as mandatorily required to be classified as FVTPL. The Parent Company has designated equity instruments as at FVOCI on the initial recognition.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves account in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Revaluation Reserves account is not reclassified to profit or loss but is reclassified directly to Retained Earnings account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statements of comprehensive income as part of Finance Income.

Any dividends earned on holding equity instruments are recognized in profit or loss as part of Other income under Finance income account, when the Parent Company's right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Parent Company, and, the amount of the dividend can be measured reliably unless the dividends represent the recovery of a part of the cost of the investment.

The Parent Company's Financial assets at FVOCI as at December 31, 2025 and 2024 pertains to equity securities (*see Note 10*).

iii. *Financial Assets at Fair Value Through Profit or Loss (FVTPL)*

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Parent Company designates an equity investment that is not held for trading as at FVOCI at initial recognition. The Parent Company's financial assets at FVTPL include equity securities that are held for trading purposes or designated as at FVTPL.

Financial assets at FVOCI are initially measured at fair value. Subsequently, they are measured at fair value with gains or losses recognized in profit or loss as part of Finance Income in the statements of comprehensive income.



Interest income on financial assets measured at amortized cost and debt financial assets measured at FVOCI is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The Parent Company calculates interest income by applying the effective interest rate to the gross carrying amount of the financial assets, except for those that are subsequently identified as credit-impaired and or are purchased or originated credit-impaired assets.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the net carrying amount of the financial assets (after deduction of the loss allowance). If the asset is no longer credit-impaired, the calculation of interest income reverts to a gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying a credit-adjusted effective interest rate to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset subsequently improves.

Interest income earned is recognized in the statement of comprehensive income as part of Finance Income. The Parent Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Parent Company is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Parent Company's business model will take effect only at the beginning of the next reporting period following the change in the business model.

As at December 31, 2025 and 2024, the Parent Company has no financial assets at fair value through profit or loss (FVTPL).

b. Impairment of Financial Assets

The Parent Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Parent Company's identification of a credit loss event. Instead, the Parent Company considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.



The Parent Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Parent Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Parent Company also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, and have been grouped based on the days past due.

For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Parent Company recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* – It is an estimate of the likelihood of default over a given time horizon.
- *Loss given default* – It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Parent Company would expect to receive, including the realization of any collateral.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments subject to the impairment calculation.
- *Forward-looking information* - It involves identifying relevant macro-economic factors and incorporating them into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Parent Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



c. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment losses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the profit or loss.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

d. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Parent Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Parent Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Parent Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Parent Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

e. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Parent Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities, which include policy and contract claims payable, premium deposit fund, insurance payables, payables and other liabilities [except output value-added tax (VAT) and other taxes payable], and legal policy reserve are recognized when the Parent Company becomes a party to the contractual terms of the instrument.

Policy and contract claim payable, insurance payables, premium deposit fund and payables and other liabilities are recognized initially at fair value, and subsequently measured at amortized cost, using the effective interest method.

Legal policy reserves is discussed in the succeeding pages.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Parent Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.



Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

f. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Reinsurance Contracts Held

The Parent Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from the reinsurance Parent Company for unpaid losses, while that reinsurance recoverable on paid losses is recognized as part of the Insurance receivables account. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when objective evidence exists that the Parent Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Parent Company will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Parent Company from its obligations to policy holders.

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

Reinsurance liabilities represent balances due to reinsurance companies that are presented as Insurance payables accounts in the statements of financial position. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

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



Loans and Other Receivables

Loans and other receivables consist of various receivables from the Parent Company's employees and officers, third parties and other entities and are presented in detail in Note 6. These were initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. Impairment is considered when there is objective evidence that the Parent Company will not be able to collect the debts.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

Insurance Contract Receivables

Insurance contract receivables include premiums due and uncollected and due from ceding companies.

- *Premium due and uncollected:* are net premiums due and uncollected on life insurance policies certified by an independent actuary.
- *Due from ceding companies:* are reinsurance premiums due from ceding companies as a result of a treaty or facultative reinsurance accepted.

Insurance contract receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest method. 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 profit or loss. Insurance receivables are derecognized following the derecognition criteria of financial assets.

Receivables, such as advances to officers and employees, are stated at amortized cost less provision for impairment. Impairment is considered when there is objective evidence that the Parent Company will not be able to collect the debts.

The allowance for impairment loss is the estimated amount of probable losses arising from non-collection based on past collection experience and management's review of the current status of the long-outstanding receivables.

Accrued Interest Receivable

These are interest income determined using the effective interest method earned by the Parent Company from their loans and investments during the year but were not received as of the financial reporting date.

Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Parent Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.



Prepayments and other assets are recognized and measured at transaction costs or the amount of cash paid. Subsequently, these are charged to income as they are consumed in operations or expire with the passage of time.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Parent Company beyond one year after the end of the reporting period (or in the normal operating cycle of the business, if longer), are classified as non-current assets.

Investment in an Associate

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Parent Company's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Parent Company's share of net assets of the associate since the acquisition date. If the Parent Company's share of losses of an associate equals or exceeds its interest in the associate, the Parent Company discontinues recognizing its share of further losses. After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Parent Company has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Parent Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized. Distributions received from an associate reduced the carrying amount of the investment.

The Parent Company's share of the results of operations of the associate is included in profit or loss. Any change in OCI of those investees is presented as part of the Parent Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Parent Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Parent Company and the associate are eliminated to the extent of the Parent Company's interest in the associate.

After application of the equity method, the Parent Company determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Parent Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Parent Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognizes the impairment loss as part of "Share in net earnings of equity method investees" account in the statement of comprehensive income. Upon loss of significant influence over the associate, the Parent Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.



Investment in a Subsidiary

Investment in a subsidiary is accounted for using the cost method in the separate financial statements. Under this method, investments are initially measured at cost which is the fair value of the consideration paid by the Parent Company (as investor) and includes transaction costs directly attributable to the acquisition. Subsequently, investments in subsidiaries are measured at cost less any impairment. Income from investment (i.e. dividend declared by subsidiaries) is recognized in the profit or loss.

Investment in a subsidiary is derecognized when the Parent Company ceases to have control or shareholding over the entities.

Investment Property

Investment property is measured initially at acquisition cost including transaction costs. Subsequently, investment property is stated at fair value, as determined by independent appraisers. The carrying amounts recognized in the statements of financial position reflect the prevailing market conditions at the financial reporting date.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognized in the statements of comprehensive income as Fair value gain under Other income.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

Building and improvements are measured at fair value less depreciation for buildings and improvements. As no finite useful life for land can be determined, the related carrying amount is not depreciated. All other property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Following initial recognition at cost, building and improvements are carried at revalued amounts which are the fair values at the date of the revaluation, as determined by independent appraisers, less subsequent accumulated depreciation (on buildings and improvements) and any accumulated impairment losses.

Revalued amounts are fair market values determined based on appraisals by external professional appraisers once every two years or more frequently if market factors indicate a material change in fair value.



Any revaluation surplus is recognized in other comprehensive income and credited to the Revaluation reserves account in the statements of changes in equity. Any revaluation deficit directly offsetting a previous surplus in the same asset is charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and the remaining deficit, if any, is recognized in profit or loss. Annually, an amount from the Revaluation reserves account is transferred to Retained earnings account for the depreciation relating to the revaluation surplus. Upon disposal of revalued assets, amounts included in the Revaluation reserves account relating to them are transferred to Retained earnings account.

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

Building and improvements	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Transportation equipment	5 years
Leasehold improvements	1 year
IT systems software	5 years
Other equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values estimated useful lives and methods of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Impairment of Non-financial Assets

The Parent Company's property and equipment, investment property, investment in an associate, and investment in a subsidiary are subject to impairment testing. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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



Policy and Contract Claims Payable

This represents claims (death, health and disability benefits) that occurred, filed or reported to the Parent Company but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

Legal Policy Reserve

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts is calculated on the basis of a prospective actuarial valuation method and assumptions subject to the provisions of the Insurance Code (the Code) and guidelines set by the IC.

The Parent Company uses gross premium valuation (GPV) as the basis for the valuation of the reserves for traditional life insurance policies. GPV is calculated as the sum of the present value of future benefits and expenses, less the present value of future gross premiums arising from the policy discounted at the appropriate risk-free discount rate provided by the IC. For this purpose, the expected future cash flows shall be determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation (MfAD) from the expected experience. The methods and assumptions shall be in accordance with the intentionally accepted actuarial standards and consider the generally accepted actuarial principles concerning the financial reporting framework promulgated by the Actuarial Society of the Philippines, which now considers other assumptions such as mortality, lapse, and/or persistency, non-guaranteed benefits and MfAD.

The changes in legal policy reserves for traditional life insurance policies are recognized as follow:

- i. The increase or decrease in legal policy reserves in the current year due to other assumptions excluding change in the discount rate will be recognized to profit or loss; and,
- ii. Remeasurement on life insurance reserves due to changes in discount rates will be recognized in other comprehensive income.

Premium Deposit Fund

Premium deposit fund represents advance payments from policyholders provided that the maximum amount that may be held at any time in the fund should not exceed the combined amount of the total future premiums and the amount of insurance or pure endowment, as the case may be. Any excess shall be refunded to the policyholders or be used as premium payment.

In determining compliance to such limitation, the amount of the said funds shall be net of all withdrawals that were used as premium payments or of other deductions for the benefits of the policyholder/s.



Provisions and Contingencies

Provisions are recognized when the Parent Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Parent Company that does not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements.

On the other hand, any reimbursement that the Parent Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

Revenue is recognized only when (or as) the Parent Company satisfied a performance obligation by transferring control of the promised services to the customer. Expenses and costs, if any, are recognized in the statement of income upon utilization of the resources or services or at the date, these are incurred. All finance costs are reported on an accrual basis.

The Parent Company's significant revenues pertain to net insurance premium and investment income (loss) which are accounted for by the Parent Company in accordance with PFRS 4 and PFRS 9 (previously PAS 39), respectively. The following provides information about the specific recognition criteria of revenues recognized in accordance with PFRS 4 and PFRS 9:

- a. *Net insurance premium*- recognized as gross premium on insurance contracts less reinsurers' share of gross premiums.

Gross premiums on insurance contracts. Premiums arising from insurance contracts are initially recognized as income on the effective date of the insurance policies. Subsequent to initial recognition, gross earned premiums on life insurance contracts are recognized as revenue at the date when payments are due.

Reinsurers' share of gross premiums. Gross reinsurance premiums on traditional and variable contracts are recognized as an expense when the policy becomes effective.

- b. *Investment income* - The Parent Company's investment income is comprised of interest income, fair value gain (loss) on financial assets at FVOCI, gain (loss) on sale of financial assets at FVOCI and dividend income.



Interest income. Interest income arising from cash and cash equivalents, financial assets at FVOCI, investment securities at amortized cost, and loans and receivables are recognized on an accrual basis using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset. The EIR is established on initial recognition of the financial asset and is not revised subsequently. When the related financial asset becomes impaired, the recognition of interest income is suspended and/or limited up to the extent of cash collections received.

The calculation of the EIR includes all fees, transaction costs, and discounts or premiums that are an integral part of the EIR. Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of a financial asset.

Once the recorded value of financial assets or group of financial assets has been reduced due to objective evidence of impairment, interest income should be recognized using the original EIR applied to the new carrying amount.

Once the recorded value of financial assets or group of financial assets has been reduced due to objective evidence of impairment, interest income should be recognized using the original EIR applied to the new carrying amount.

Gain (loss) on sale of financial assets at FVOCI - Gain (loss) on the sale of financial assets at FVOCI is calculated as the difference between net sale proceeds and acquisition cost less than any impairment in value. Gain (loss) on the sale of financial assets at FVOCI is recognized in profit or loss when the sale transaction occurred.

Dividend income - Dividend income is recognized when the shareholder's right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when the shareholders have approved the dividend for unlisted equity securities.

The Parent Company also earns other income from reinstatement fees, which is recognized as income when the related service is performed. Such income is accounted for by the Parent Company in accordance with PFRS 15.

The following specific recognition criteria of expenses must also be met before the expense is recognized:

- a. *Net insurance benefits and claims* - The Parent Company's net insurance benefits and claims consist of gross benefits and claims, reinsurers' share on benefits and claims, gross change in legal policy reserves.

Gross benefits and claims. Gross benefits and claims of the policyholders include the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

Gross change in legal policy reserves. Represents the change in the valuation of legal policy reserves recognized as part of the Legal Policy Reserves account in the statements of financial position.

Commissions. Commissions are recognized when the insurance contracts are entered into and the related premiums are recognized.



Underwriting expenses. These pertain to the amount of premiums and documentary stamps taxes issued for in-force policies that are recognized when incurred.

- b. *General and administrative expenses* - Expenses are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Leases

The Parent Company considers whether a contract or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Parent Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Parent Company;
- the Parent Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Parent Company has the right to direct the use of the identified asset throughout the period of use. The Parent Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

At the lease commencement date, the Parent Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Parent Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Parent Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Parent Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Parent Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Parent Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.



The Parent Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset, and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Employee Benefits

The Parent Company provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

a. Short-term Benefits

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

b. Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Parent Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Parent Company's post-employment defined benefit pension plan covers all regular full-time employees. The retirement plan is non-contributory.

The liability recognized in the statements of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method.

The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of the Finance costs or Finance income account in the statements of comprehensive income.



Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

c. Defined Contribution Plan

A defined-contribution plan under which the Parent Company pays fixed contributions into an independent entity such as Social Security System (SSS), Philhealth and Pag-ibig. The Parent Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. Termination Benefits

Termination benefits are payable when employment is terminated by the Parent Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Parent Company recognizes termination benefits at the earlier of when or can no longer withdraw the offer of such benefits and when it recognized costs for a restructuring that is within the scope of PAS 37 and it involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling more than 12 months after the end of the reporting period are discounted to present value.

Income Taxes

Tax expense recognized in the profit or loss comprises the sum of deferred tax and current tax recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the profit or loss.

Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, benefit obligation are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset can be utilized.

Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.



Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting periods. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Parent Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss. Only changes in deferred tax assets or liabilities that relate to items recognized in other comprehensive income or directly in equity are recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if the Parent Company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes related to the same entity and the same taxation authority.

Equity

Capital stock is determined using the nominal value of shares that have been issued. Subscription receivables are deducted and presented net of capital stock.

Contingency Surplus pertains to the contribution by shareholders in proportion to the subscription interest to the Parent Company to cover any deficiency in the Net worth as required by Insurance Code and can be withdrawn upon the approval of the Insurance Commission.

Revaluation reserves consist of the following:

- *Fair value of the financial asset at FVOCI* pertains to unrealized gain or loss due to the fair valuation of the Parent Company's equity investments.
- *Property revaluation reserve* pertains to unrealized gain or loss due to measuring the Parent Company's property and equipment at its fair value.
- *Defined benefit plan reserve* pertains to actuarial gain or loss due to remeasurement of retirement benefit obligation.
- *Legal policy revaluation reserve* pertains to the unrealized gain or loss due to a change in the measurement method of the legal policy reserve.

Equity Share in other comprehensive Income pertains to share of the Parent Company in the OCI of the associates which includes items such as fair value changes of equity instruments, foreign currency translation differences, and actuarial gains or losses, classified by the same nature as in the associate's financial statements.

Retained earnings include all current and prior period results of operation as disclosed in the statements of comprehensive income.

Related Party Transactions and Relationship

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



Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (1) individual owning, directly or indirectly through one or more intermediaries, control, or are controlled by, or under common control with, the Parent Company; (2) associates; and (3) individuals owning, directly or indirectly, an interest in the voting power of the Parent Company that gives them significant influence over the Parent Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Events After the End of the Reporting Period

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

Admitted and Non-admitted Classification

The Parent Company determines the admissibility of its assets based on the provisions of the Insurance Code. Admitted assets only include those that are legally or beneficially owned by the Parent Company as determined under Sections 202, 204 and 205 of the Insurance Code. All other assets which did not fall under the classifications of these sections are considered as non-admitted assets.

Presented in the subsequent notes are the estimated amounts of these assets. Final amounts can only be determined upon review and assessment of the Insurance Commission.

Segment Reporting

The Parent Company reports separate information about each operating segment identified. An operating segment is a component of the Parent Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Parent Company's other components; from whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment; and for which discrete information is available.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Parent Company's financial statements prepared in accordance with PFRS Accounting Standards require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. 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 reasonable under circumstances. Actual results may ultimately differ from these estimates.



Critical Management Judgments in Applying Accounting Policies

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

a. Determination of Lease Term of Contracts with Removal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of the premises/offices, the factors that are normally the most relevant are (a) if there are significant penalties should the Parent Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have significant remaining value, the Parent Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Parent Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Parent Company included the renewal period as part of the lease term due to the significance of these assets to its operations. Some leases have a short, non-cancellable lease period and there will be a significant negative effect on Parent Company's operation if a replacement is not readily available.

The lease term is reassessed if an option is exercised or not exercised or the Parent Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Parent Company.

b. Determination of ECL on Loans and Other Receivables and Contract Assets

The Parent Company uses a provision matrix to calculate ECL for loans and other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is based on the Parent Company's historical observed default rates. The Parent Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

The details of ECL is presented in Note 35.



c. *Determination of Transaction Price and Timing of Satisfaction of Performance Obligations*

The Parent Company applies judgment in determining the transaction price and the timing of satisfaction of performance obligations for service-related income accounted for under PFRS 15. These transactions primarily relate to reinstatement fees and other ancillary service income that are outside the scope of insurance contract accounting.

In determining the transaction price, management considers the contractually specified consideration, which generally consists of fixed amounts stated in the relevant policy provisions or service agreements. Such consideration does not include variable components, significant financing components, or non-cash consideration.

Management has determined that these arrangements typically give rise to a single performance obligation, as the services promised are not separately identifiable. The Parent Company assesses whether such performance obligation is satisfied over time or at a point in time based on the nature of the services provided.

For reinstatement services, management has concluded that the performance obligation is satisfied at a point in time, since the customer obtains the benefit of the service only upon completion of the reinstatement process. Accordingly, the entire transaction price is allocated to the single performance obligation and recognized as income when the related service has been fully performed.

d. *Evaluation of Business Model Applied in Managing Financial Instruments*

Upon adoption of PFRS 9, the Parent Company developed business models that reflect how it manages its portfolio of financial instruments. The Parent Company's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Parent Company) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Parent Company evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Parent Company (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Parent Company's investment and trading strategies.

e. *Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model*

In determining the classification of financial assets under PFRS 9, the Parent Company assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria.



In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Parent Company assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Parent Company considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Parent Company considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Parent Company can explain the reasons for those sales and why those sales do not reflect a change in the Parent Company's objective for the business model.

f. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and contingencies are discussed in Note 2 and relevant disclosures are presented in Note 34.

Key Sources of Estimation Uncertainty

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

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses). Explanation of the inputs assumptions and estimation used in measuring ECL is further detailed in Note 35.

b. Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

The carrying values of the Parent Company's financial assets are disclosed in Note 36.



c. Estimating Useful Lives of Property and Equipment

The Parent Company estimates the useful life of property and equipment and based on the period over which the assets are expected to be available for use. The estimated useful life of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 15. Based on management's assessment as at December 31, 2025 and 2024, there is no change in the estimated useful life of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. Impairment of Non-financial Assets

PFRS Accounting Standards require that an impairment review be performed when certain impairment indicators are present. The Parent Company's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

e. Impairment of Loans and Other Receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Parent Company evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Parent Company's relationship with the customers, the customers' current credit status, the average age of accounts, collection experience and historical loss experience.

The carrying value of loans and other receivables is shown in Note 6.

f. Fair Value Measurement for Property and Equipment and Investment Property

The Parent Company's building including improvements and investment property is carried at a revalued amount at the end of the reporting period. In determining the fair value of these assets, the Parent Company engages the services of professional and independent appraisers applying the relevant valuation methodologies as discussed in Note 36.



For investment property with appraisal conducted prior to the end of the current reporting period, management determines whether there are significant circumstances during the intervening period that may require adjustments or changes in the disclosure of the fair value of those properties. A significant change in these elements may affect prices and the value of the assets. The amounts of revaluation and fair value gains recognized on investment property and building and improvements are disclosed in Notes 14 and 15, respectively.

g. Valuation of Legal Policy Reserves

Legal policy reserves represent estimates of the present value of future benefits and expenses in excess of the present value of future gross premiums. These estimates are based on interest rates, mortality/morbidity tables, lapses and valuation methods subject to the provisions of the Code and guidelines set by the IC.

The liability for life insurance contracts uses the discount rate as provided by the IC with other assumptions based on the best estimate with regard to significant recent experience and appropriate MfAD from the expected experience. At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability. The main assumptions used to relate to mortality, morbidity, lapse, and discount rate.

For life insurance contracts, estimates are made as to the expected number of deaths and lapses for each of the years in which the Parent Company is exposed to risk. The Parent Company uses mortality tables and lapse rates subject to the guidelines set by the IC as the basis of these estimates. The estimated number of lapses, deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums.

The carrying value of the legal policy reserves amounted to P491,256,989 and P380,785,505 as at December 31, 2025 and 2024, respectively (*see Note 21*).

h. Liabilities Arising from Claims made under Insurance Contracts

There are several sources of uncertainty that need to be considered in the estimation of the liability that the Parent Company will ultimately pay for such claims. Although the ultimate liability arising from life insurance contracts is largely determined by the face amount of each policy, the Parent Company also issues accident and health policies and riders where the claim amounts may vary.

Claims estimation by the Parent Company considers many factors such as industry average mortality and morbidity experience, with adjustments to reflect the Parent Company's historical experience. These liabilities form part of the Parent Company's incurred but not reported (IBNR) claims which is recognized as part of Policy and contract claims payable account in the statements of financial position.



i. *Valuation of Post-employment Benefit Obligation*

The determination of the Parent Company's obligation and cost of the post-employment defined benefit is dependent on the selection of certain assumptions used by an actuary in calculating such amounts. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or loss, and the carrying amount of the post-employment obligation in the next reporting period. The Parent Company determines the appropriate discount rate at the end of each year. It is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Parent Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid. The terms to maturity of these bonds should approximate the terms of the related retirement benefit obligations.

Other key assumptions for retirement benefit obligation are based in part on current market conditions. While it is believed that the Parent Company's assumptions reasonable and appropriate, significant differences in experience or significant changes in assumptions may materially affect the Parent Company's obligation.

j. *Determination of Realizable Amount of Deferred Tax Assets*

The Parent Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2025 and 2024 will be fully utilized in the coming years. The carrying value of deferred tax assets as at those dates is disclosed in Note 31.

4. OPERATING SEGMENT INFORMATION

The Parent Company is organized based on the products that it offers and operates two principal segments namely: a) life insurance; and b) non-life insurance operations.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The table below show the segment statements of the financial position as at December 31:

	2025			2024		
	Life	Non-life	Total	Life	Non-life	Total
SEGMENT ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 5)	P 541,984,181	P 214,003,410	P 755,987,591	P 588,042,457	P 127,628,168	P 715,670,625
Loans and other receivables (Note 6)	26,582,365	10,730	26,593,095	236,197,756	222,505	236,420,261
Financial assets at amortized cost (Note 11)	7,580,000	125,000,000	132,580,000	234,333,197	164,533,820	398,867,017
Insurance contract receivables (Note 7)	17,999,494	13,843,495	31,842,989	5,152,968	7,919,853	13,072,821
Accrued interest receivable (Note 8)	7,425,995	10,212,656	17,638,651	9,177,797	10,904,578	20,082,375
Prepayments and other current assets (Note 9)	40,235,929	150,000	40,385,929	22,842,973	-	22,842,973
Total Current Assets	641,807,964	363,220,291	1,005,028,255	1,095,747,148	311,208,924	1,406,956,072
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income (Note 10)	387,703,819	313,667,059	701,370,878	349,300,712	309,604,299	658,905,011
Non-current loans and other receivable (Note 6)	20,053,168	213,505	20,266,673	20,893,546	-	20,893,546
Financial assets at amortized cost (Note 11)	205,915,065	87,393,569	293,308,634	38,893,125	147,612,523	186,505,648
Investment in an associate (Note 12)	360,002,656	-	360,002,656	-	-	-
Investment in a subsidiary (Note 13)	70,000,000	-	70,000,000	70,000,000	-	70,000,000
Investment property (Note 14)	503,297,518	-	503,297,518	172,222,818	-	172,222,818
Property and equipment (Note 15)	25,253,189	448,670	25,701,859	32,897,453	286,187	33,183,640
Intracompany accounts	(6,678,450)	6,678,450	-	-	-	-
Other non-current assets (Note 16)	35,260,413	1,622,444	36,882,857	25,950,156	705,804	26,655,960
Total Non-current Assets	1,600,807,378	410,023,697	2,010,831,075	710,157,810	458,208,813	1,168,366,623
TOTAL ASSETS	P 2,242,615,342	P 773,243,988	P 3,015,859,330	P 1,805,904,958	P 769,417,737	P 2,575,322,695
SEGMENT LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Policy and contract claims payable (Note 17)	P 29,170,160	P 10,658,377	P 39,828,537	P 120,432,225	P 3,952,937	P 124,385,162
Premium deposit fund (Note 18)	273,648,159	-	273,648,159	268,744,177	2,600,313	271,344,490
Insurance payables (Note 19)	3,631,090	120,204	3,751,294	3,058,723	-	3,058,723
Income tax payable	9,459,046	-	9,459,046	5,440,828	2,966,340	8,407,168
Payables and other liabilities (Note 20)	104,365,198	2,893,197	107,258,395	137,452,563	15,641,294	153,093,857
Total Current Liabilities	420,273,653	13,671,778	433,945,431	535,128,516	25,160,884	560,289,400
NON-CURRENT LIABILITIES						
Legal policy reserve (Note 21)	491,256,989	-	491,256,989	380,785,505	-	380,785,505
Deferred tax liability (Note 31)	121,836,029	-	121,836,029	40,149,054	-	40,149,054
Retirement benefit obligation (Note 22)	5,054,541	-	5,054,541	7,113,344	-	7,113,344
Total Non-current Liabilities	618,147,559	-	618,147,559	428,047,903	-	428,047,903
Total Liabilities	1,038,421,212	13,671,778	1,052,092,990	963,176,419	25,160,884	988,337,303
EQUITY						
Capital stock (Note 32)	312,500,000	312,500,000	625,000,000	312,500,000	312,500,000	625,000,000
Contingency surplus (Note 32)	83,936,616	-	83,936,616	83,936,616	-	83,936,616
Contributed surplus (Note 32)	-	371,936,724	371,936,724	-	371,936,724	371,936,724
Revaluation reserves (Note 32)	13,852,867	7,934,047	21,786,914	72,338,174	14,120,721	86,458,895
Equity share in other comprehensive loss (Note 32)	(1,282,709)	-	(1,282,709)	-	-	-
Retained earnings (Note 32)	795,187,356	67,201,439	862,388,795	373,953,749	45,699,408	419,653,157
Total Equity	1,204,194,130	759,572,210	1,963,766,340	842,728,539	744,256,853	1,586,985,392
TOTAL LIABILITIES AND EQUITY	P 2,242,615,342	P 773,243,988	P 3,015,859,330	P 1,805,904,958	P 769,417,737	P 2,575,322,695

The table below show the segment statements of comprehensive income for the year ended December 31:

	2025			2024		
	Life	Non-life	Total	Life	Non-life	Total
SEGMENT INSURANCE PREMIUMS (Note 23)						
Gross premiums on insurance contracts	P 1,122,980,692	P 8,012,344	P 1,130,993,036	P 1,037,255,149	P 9,616,202	P 1,046,871,351
Reinsures' share of gross premiums on insurance contracts	(3,868,607)	(957,264)	(4,825,871)	(4,979,207)	-	(4,979,207)
	<u>1,119,112,085</u>	<u>7,055,080</u>	<u>1,126,167,165</u>	<u>1,032,275,942</u>	<u>9,616,202</u>	<u>1,041,892,144</u>
SEGMENT NET INSURANCE BENEFITS AND CLAIMS						
Gross benefits and claims paid on insurance contract (Note 26)	470,372,749	2,865,284	473,238,033	570,235,934	1,423,762	571,659,696
Commission (Note 24)	243,744,771	689,949	244,434,720	161,899,631	551,349	162,450,980
Gross change in legal policy reserve (Note 21)	78,720,887	-	78,720,887	64,692,885	-	64,692,885
Underwriting (Note 25)	<u>11,973,700</u>	<u>2,134</u>	<u>11,975,834</u>	<u>22,033,956</u>	<u>473,195</u>	<u>22,507,151</u>
	<u>804,812,107</u>	<u>3,557,367</u>	<u>808,369,474</u>	<u>818,862,406</u>	<u>2,448,306</u>	<u>821,310,712</u>
SEGMENT GENERAL AND ADMINISTRATIVE EXPENSES (Note 27)	<u>131,890,893</u>	<u>5,894,385</u>	<u>137,785,278</u>	<u>126,856,793</u>	<u>5,755,768</u>	<u>132,612,561</u>
OPERATING PROFIT (LOSS)	<u>182,409,085</u>	<u>(2,396,672)</u>	<u>180,012,413</u>	<u>86,556,743</u>	<u>1,412,128</u>	<u>87,968,871</u>
OTHER INCOME (CHARGES)						
Fair value gain on investment property (Note 14)	331,074,700	-	331,074,700	-	-	-
Finance income (Note 28)	50,218,631	22,800,780	73,019,411	61,383,668	32,861,833	94,245,501
Equity share in net loss of investment in an associate (Note 12)	(10,763,869)	-	(10,763,869)	-	-	-
Finance cost (Note 30)	(26,447,512)	(1,650)	(26,449,162)	(11,114,984)	(3,133)	(11,118,117)
Other income (Note 29)	<u>37,391,105</u>	<u>3,263,358</u>	<u>40,654,463</u>	<u>22,107,077</u>	<u>-</u>	<u>22,107,077</u>
	<u>381,473,055</u>	<u>26,062,488</u>	<u>407,535,543</u>	<u>72,375,761</u>	<u>32,858,700</u>	<u>105,234,461</u>
PROFIT BEFORE TAX	<u>563,882,140</u>	<u>23,665,816</u>	<u>587,547,956</u>	<u>158,932,504</u>	<u>34,270,828</u>	<u>193,203,332</u>
TAX EXPENSE (Note 31)	<u>145,841,333</u>	<u>2,163,785</u>	<u>148,005,118</u>	<u>62,456,492</u>	<u>900,513</u>	<u>63,357,005</u>
NET PROFIT	<u>418,040,807</u>	<u>21,502,031</u>	<u>439,542,838</u>	<u>96,476,012</u>	<u>33,370,315</u>	<u>129,846,327</u>
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of retirement benefit plan (Note 22)	3,186,168	-	3,186,168	(31,375)	-	(31,375)
Remeasurement of legal policy reserves (Note 21)	(31,750,597)	-	(31,750,597)	(10,636,526)	-	(10,636,526)
Fair value gain (loss) on financial asset at fair value through other comprehensive income (Note 10)	(27,527,936)	(6,186,674)	(33,714,610)	(96,811,496)	14,120,721	(82,690,775)
Equity share in other comprehensive loss of investment in an associate (Note 12)	(1,282,709)	-	(1,282,709)	-	-	-
Tax benefit (Note 31)	<u>799,858</u>	<u>-</u>	<u>799,858</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(56,575,216)</u>	<u>(6,186,674)</u>	<u>(62,761,890)</u>	<u>(107,479,397)</u>	<u>14,120,721</u>	<u>(93,358,676)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>P 361,465,591</u>	<u>P 15,315,357</u>	<u>P 376,780,948</u>	<u>(P 11,003,385)</u>	<u>P 47,491,036</u>	<u>P 36,487,651</u>



5. CASH AND CASH EQUIVALENTS

This account comprises of the following:

		2025		2024
Cash in banks	P	100,978,627	P	278,364,254
Short-term placements		654,769,964		437,034,371
Petty cash fund		239,000		272,000
	P	<u>755,987,591</u>	P	<u>715,670,625</u>

Cash in banks generally earns interest at rates based on daily bank deposit rates. Short-term placements earn interest ranging from 4.75% to 5.75% and 5.75% to 6.625% per annum in 2025 and 2024, respectively. The interest earned on cash in banks and short-term placements amounted to P31,582,458 in 2025 and P34,113,805 in 2024 and are presented as part of Finance income in the statements of comprehensive income (*see Note 28*).

6. LOANS AND OTHER RECEIVABLES

As at December 31, the details of loans and other receivables are as follows:

		2025		
		Current	Non-Current	Total
Receivable from other individual	P	19,057,461	P -	P 19,057,461
Loans and receivables from employees and others		10,080,170	3,222,387	13,302,557
Real estate mortgage loan		5,886,596	6,912,114	12,798,710
Receivables from Paramount		203,710	8,714,438	8,918,148
Receivable from related parties (<i>see Note 33</i>)		6,310,805	-	6,310,805
Policy loan		3,607,187	35,886	3,643,073
Receivables from agents		2,246,931	726,831	2,973,762
Receivables from group policy holders		188,474	655,017	843,491
Receivable from insurance pools		168,782	-	168,782
Gross		47,750,116	20,266,673	68,016,789
Allowance for impairment loss	(	21,157,021)	-	(21,157,021)
Net	P	<u>26,593,095</u>	P <u>20,266,673</u>	P <u>46,895,768</u>



	2024					
	Current		Non-Current		Total	
Collateral loans	P	206,460,071	P	-	P	206,460,071
Receivables from other individuals		19,057,461		-		19,057,461
Real estate mortgage loan		5,886,596		7,467,492		13,354,088
Receivable from related parties (see Note 33)		11,718,893		-		11,718,893
Receivables from Paramount		203,710		8,714,438		8,918,148
Loans and receivables from employees and others		5,190,726		3,222,387		8,413,113
Receivable from insurance pools		4,915,485		-		4,915,485
Receivables from agents		1,624,204		777,331		2,401,535
Policy loan		2,331,637		35,886		2,367,523
Receivables from group policy holders		188,499		655,017		843,516
Security fund contribution		-		20,995		20,995
Gross		257,577,282		20,893,546		278,470,828
Allowance for impairment loss	(	21,157,021)		-	(	21,157,021)
Net	P	236,420,261	P	20,893,546	P	257,313,807

Receivables from Other Individuals and Entities

This account consists mainly of receivables from former shareholders of the Parent Company.

Loans and Receivable from Employees and Others

This represents outstanding balances of loans and advances granted to the Parent Company's employees.

Real Estate Mortgage Loan

The real estate mortgage loans bear an annual interest ranging from 3.24% to 14% per annum and with credit terms ranging from 3 to 15 years.

Receivables from Paramount

The sale of the Individual Life Insurance business portfolio of the Parent Company to Paramount in the year 2005, resulted in the collection by Paramount of policyholders' payments related to an unsold insurance portfolio.

Policy Loan

This account pertains to loans issued by the Parent Company to the policyholders and uses the cash value of life insurance policy as collateral.

This loan bears annual interest of 10% in both years. The interest income on policy loans amounted to P7,521,059 and P23,109,922 in 2025 and 2024, respectively, and is presented as part of Finance income (see Note 28).



Receivable from Agents

This account pertains to the notarial fees for cancelled policies and license fees which are initially paid by the Parent Company, commissions claw back or previously collected commissions of the agents which policies are subsequently cancelled and other transactions which are legitimately collectible by the agents.

Receivables from Life Insurance Pools

This account pertains to a fund in direct group life insurance pools. A business scheme group life insurance companies who jointly accept and share life insurance business and its related risks solicited from a Parent Company that does not engage as principal in the insurance business.

As at December 31, 2025 and 2024, no collection has been made by the Parent Company for the outstanding balance of the account as recoverability is still awaiting the decision of the court. Accordingly, the account is fully provided with an allowance for impairment loss.

Collateral Loans

This account relates to secured loans granted to certain shareholders of a local bank which will mature on February 14, 2025. These loans are secured by a certificate of stocks and time deposits bearing an interest equivalent to whatever interest earned on time deposits at maturity. As at the reporting date, the said loans have already been fully collected.

The interest income on collateral loans amounted to P179,422 and P717,510 in 2025 and 2024, respectively, and is presented as part of Finance income (*see Note 28*).

All of the Parent Company's loans and other receivables have been reviewed for indicators of impairment. Certain loans and receivables have expected credit losses using the provisional matrix as determined by the management, hence, adequate allowance for impairment has been recognized (*see Note 35*).

7. INSURANCE CONTRACT RECEIVABLES

As at December 31, the account consists of the following:

	2025	2024
Net due and uncollected premiums	P 18,377,810	P 13,049,423
Due from ceding companies	13,729,467	480,643
Reinsurance premiums	192,957	-
	<u>32,300,234</u>	<u>13,530,066</u>
Allowance for impairment	(457,245)	(457,245)
	<u>P 31,842,989</u>	<u>P 13,072,821</u>



Net due and uncollected premiums represent the uncollected premiums on direct business, including those by general agents and insurance brokers, including taxes and other charges, provided these are properly segregated and the corresponding liabilities are set up. The balances as at December 31, 2025 and 2024 are actuarially computed by the Parent Company's Actuary.

8. ACCRUED INTEREST RECEIVABLE

As at December 31, 2025 and 2024, this account consists of accrued interest from real estate mortgage loans, corporate and government bonds amounting to P17,638,651 and P20,082,375, respectively.

9. PREPAYMENTS AND OTHER CURRENT ASSETS

As at December 31, this account consists of:

		2025		2024
Input VAT (<i>see Note 40</i>)	P	32,823,010	P	13,051,094
Creditable withholding tax		5,018,298		2,578,089
Supplies on hand		2,375,573		2,411,512
Advances for liquidation		-		3,448,612
Documentary stamp on hand		-		300,000
Others		169,048		1,053,666
	P	<u>40,385,929</u>	P	<u>22,842,973</u>

Input VAT represents the indirect taxes passed on to the Parent Company resulting from purchases of goods and payment of services. Input VAT is presented net of output VAT.

Creditable withholding tax, which are claimed against income tax due, is carried over in the succeeding period for the same purpose.

Supplies on hand pertain to printing, stationery and supplies which are expected to be used within 12 months after the end of the financial reporting period.

Advances for liquidation pertains to advances accountable by receipts which are expected to be liquidated within 12 months after the end of the financial reporting period.

Documentary stamp on hand is expected to be used within 12 months after the end of the financial reporting period.

Others consist of items such as prepaid expenses and other current assets which are expected to be amortized within 12 months after the end of the financial reporting period.



10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

The Parent Company's financial asset at FVOCI pertains to equity securities. The equity securities consist of:

		2025		
		Carrying Amount	Cost	Unrealized Gain (Loss)
<i>Equity Securities</i>				
Traded	P	603,917,817	P 727,335,295	(P 123,417,478)
Non-traded		200,000	200,000	-
Golf Club membership shares		740,000	740,000	-
Mutual Fund		96,513,061	94,437,433	2,075,628
	P	<u>701,370,878</u>	P <u>822,712,728</u>	(P <u>121,341,850</u>)
		2024		
		Carrying Amount	Cost	Unrealized Gain (Loss)
<i>Equity Securities</i>				
Traded	P	560,014,069	P 665,190,179	(P 105,176,110)
Non-traded		200,000	200,000	-
Debt securities		3,513,510	3,513,510	-
Golf Club membership shares		740,000	740,000	-
Mutual Fund		94,437,432	76,888,562	17,548,870
	P	<u>658,905,011</u>	P <u>746,532,251</u>	(P <u>87,627,240</u>)

The reconciliation of the carrying amount of the equity securities are as follows:

	2025	2024
Balance at beginning of year	P 658,905,011	P 634,843,550
Additions	79,693,987	106,752,236
Maturities	(3,513,510)	-
Fair value loss (see Note 32)	(33,714,610)	(82,690,775)
Balance at end of year	<u>P 701,370,878</u>	<u>P 658,905,011</u>

Equity securities consist of investments in companies listed and not listed on the Philippine Stock Exchange.

The fair values of equity securities have been determined directly by reference to published prices in an active market.

Total dividend income earned on this investment amounted to P13,886,970 in 2025 and P12,294,949 in 2024 (see Note 28).



11. FINANCIAL ASSETS AT AMORTIZED COST

This account consists of the following:

	<u>2025</u>	<u>2024</u>
Government bonds	P 418,308,634	P 577,792,665
Corporate bonds	<u>7,580,000</u>	<u>7,580,000</u>
	<u>P 425,888,634</u>	<u>P 585,372,665</u>

This account is presented in the financial condition as follows:

	<u>2025</u>	<u>2024</u>
Current	P 132,580,000	P 398,867,017
Non-current	<u>293,308,634</u>	<u>186,505,648</u>
	<u>P 425,888,634</u>	<u>P 585,372,665</u>

Government bonds consist of ranging from 7 to 25 years peso-denominated bonds issued by the Philippine government which bears fixed interest rates ranging from 5.513% to 8.235% per annum and with maturity dates ranging from April 12, 2025 to October 24, 2037.

Corporate bonds are seven and ten-year peso-denominated bonds issued by a third party that bears fixed interest ranging from 6.00% to 6.369% per annum and with maturity dates ranging from March 4, 2025 to May 6, 2026.

The interest earned on these investments amounted P19,849,502 in 2025 and to P24,099,315 in 2024 and are presented as part of Finance income in the statements of comprehensive income (*see Note 28*).

The reconciliation of the carrying amounts of financial asset at amortized cost are as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 585,372,665	P 697,715,289
Placements	240,244,000	200,588,000
Withdrawals	(401,851,000)	(322,795,000)
Discount	<u>2,122,969</u>	<u>9,864,376</u>
Balance at end of year	<u>P 425,888,634</u>	<u>P 585,372,665</u>



12. INVESTMENT IN AN ASSOCIATE

The details of this account as at December 31, 2025 are as follows:

Cost	P	372,049,234
Equity share in net loss for the year	(	10,763,869)
Equity share in other comprehensive loss	(	1,282,709)
	P	<u>360,002,656</u>

The Parent Company owns 14.11% of the shares of stocks with significant influence in Malayan Savings Bank, Inc. (MSBI), an associate, whose shares are not publicly traded. MSBI is a Bangko Sentral ng Pilipinas-regulated thrift bank engaged in accepting deposits and providing lending and related banking services in the Philippines. The registered address of MSBI is located at 2nd Floor Majalco Building, Makati City.

The summarized financial information presented below is based on the unaudited financial information provided by MSBI which has not yet been finalized into a complete set of financial statements and may be subject to adjustments upon completion of the audit. Management has used the best information available as at the reporting date:

Assets	P	9,484,510,117
Liabilities	(	8,261,781,855)
Net assets	P	<u>1,222,728,262</u>
Revenues	P	928,656,180
Operating expenses	(	1,104,241,119)
Tax expense	(	7,500,000)
Net loss	(	183,084,939)
Other comprehensive loss	(	21,817,878)
Total comprehensive loss	P	<u>204,902,817</u>

Investment in an associate has been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on investment need to be recognized in 2025.

13. INVESTMENT IN A SUBSIDIARY

The Parent Company owns 70% of the voting shares of Neuracash International Inc., a Subsidiary, amounting P70,000,000 as at December 31, 2025 and 2024, whose shares are not publicly traded. The Subsidiary has not yet started commercial operations and is engaged in information technology services.

The Subsidiary's registered address is located at 2nd Floor Omnis Prosperity Tower, Sen. Gil Puyat Ave., Makati City as at December 31, 2025 and 2024. Investment in a subsidiary has been reviewed for indicators of impairment. Based on management's evaluation, no impairment losses on investment need to be recognized in both years.



14. INVESTMENT PROPERTY

As at December 31, this account consists of:

	2025		
	Land	Building	Total
Cost	P 48,899,436	P 24,123,000	P 73,022,436
Fair value gain (loss)			
Balance at beginning of year	111,413,982	(12,213,600)	99,200,382
Revaluation gain (loss) for the year	331,772,100	(697,400)	331,074,700
Balance at end of year	443,186,082	(12,911,000)	430,275,082
Balance at end of year	<u>P 492,085,518</u>	<u>P 11,212,000</u>	<u>P 503,297,518</u>
	2024		
	Land	Building	Total
Cost	P 48,899,436	P 24,123,000	P 73,022,436
Fair value gain (loss)	111,413,982	(12,213,600)	99,200,382
Balance at end of year	<u>P 160,313,418</u>	<u>P 11,909,400</u>	<u>P 172,222,818</u>

The Parent Company's investment property was revalued on February 21, 2025 by an independent appraiser. Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Fair value gain (loss) from revaluation of investment property is presented as part of Other income in the statements of comprehensive income.

The real property taxes paid on investment property amounting to P270,650 in 2025 and P9,476,153 in 2024, and is presented as part of Taxes and licenses (*see Note 40*).

In addition, no investment property pledged as security or collateral for liabilities for both years.

15. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation at the beginning and end of 2025 and 2024 are shown below:

	<u>Building and Improvements</u>	<u>Construction in Progress</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvements</u>	<u>IT System Software and Other Assets</u>	<u>Total</u>
December 31, 2025								
Cost and revaluation	P 31,928,000	P 186,740	P 7,228,163	P 15,993,088	P 5,603,327	P 49,605,032	P 9,134,471	P 119,678,821
Accumulated depreciation	(19,156,800)	-	(5,612,096)	(12,845,487)	(4,169,424)	(44,282,095)	(7,911,060)	(93,976,962)
Carrying amount as at December 31, 2025	<u>P 12,771,200</u>	<u>P 186,740</u>	<u>P 1,616,067</u>	<u>P 3,147,601</u>	<u>P 1,433,903</u>	<u>P 5,322,937</u>	<u>P 1,223,411</u>	<u>P 25,701,859</u>
December 31, 2024								
Cost and revaluation	P 31,928,000	P -	P 6,855,064	P 14,488,821	P 5,603,327	P 44,352,170	P 8,311,108	P 111,538,490
Accumulated depreciation	(15,964,000)	-	(5,281,429)	(12,191,744)	(3,705,366)	(33,608,646)	(7,603,665)	(78,354,850)
Carrying amount as at December 31, 2024	<u>P 15,964,000</u>	<u>P -</u>	<u>P 1,573,635</u>	<u>P 2,297,077</u>	<u>P 1,897,961</u>	<u>P 10,743,524</u>	<u>P 707,443</u>	<u>P 33,183,640</u>
January 1, 2024								
Cost and revaluation	P 31,928,000	P -	P 6,539,704	P 13,870,338	P 5,603,327	P 35,599,869	P 8,087,448	P 101,628,686
Accumulated depreciation	(12,771,200)	-	(4,971,399)	(11,548,220)	(3,197,331)	(33,345,931)	(7,317,799)	(73,151,880)
Carrying amount as at January 1, 2024	<u>P 19,156,800</u>	<u>P -</u>	<u>P 1,568,305</u>	<u>P 2,322,118</u>	<u>P 2,405,996</u>	<u>P 2,253,938</u>	<u>P 769,649</u>	<u>P 28,476,806</u>



A reconciliation of the carrying amounts of property and equipment are shown below:

	<u>Building and Improvements</u>	<u>Construction in Progress</u>	<u>Furniture and Fixtures</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvements</u>	<u>IT System Software and Other Assets</u>	<u>Total</u>
Balance at January 1, 2025, net of accumulated								
Depreciation	P 15,964,000	P -	P 1,573,635	P 2,297,077	P 1,897,961	P 10,743,524	P 707,443	P 33,183,640
Additions		186,740	373,099	1,504,267	-	5,252,862	823,363	8,140,331
Depreciation charges for the year (see Note 27)	(3,192,800)	-	(330,667)	(653,743)	(464,058)	(10,673,449)	(307,395)	(15,622,112)
Balance at December 31, 2025, net of accumulated								
Depreciation	<u>P 12,771,200</u>	<u>P 186,740</u>	<u>P 1,616,067</u>	<u>P 3,147,601</u>	<u>P 1,433,903</u>	<u>P 5,322,937</u>	<u>P 1,223,411</u>	<u>P 25,701,859</u>
Balance at January 1, 2024, net of accumulated								
Depreciation	P 19,156,800	P -	P 1,568,305	P 2,322,118	P 2,405,996	P 2,253,938	P 769,649	P 28,476,806
Additions	-	-	315,360	618,483	-	8,752,301	223,660	9,909,804
Depreciation charges for the year (see Note 27)	(3,192,800)	-	(310,030)	(643,524)	(508,035)	(262,715)	(285,866)	(5,202,970)
Balance at December 31, 2024, net of accumulated								
Depreciation	<u>P 15,964,000</u>	<u>P -</u>	<u>P 1,573,635</u>	<u>P 2,297,077</u>	<u>P 1,897,961</u>	<u>P 10,743,524</u>	<u>P 707,443</u>	<u>P 33,183,640</u>





The Parent Company's building and improvements are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation, and impairment losses. The revaluation surplus is presented as part of the Revaluation reserves account in the equity section (*see Note 32*). The Parent Company's building and improvements were revalued on June 27, 2019 by an independent appraiser.

If building were carried at cost model, the carrying amounts of the assets would be as follows:

	<u>2025</u>	<u>2024</u>
Cost	P 1,184,932	P 1,184,932
Accumulated depreciation	(1,184,932)	(1,184,932)
	<u>P -</u>	<u>P -</u>

All of the Parent Company's property and equipment have been reviewed from indicators of impairment. Based on management's evaluation, no impairment losses on property and equipment need to be recognized for 2025 and 2024. Further, no property has been pledged as collateral in 2025 and 2024.

16. OTHER NON-CURRENT ASSETS

As at December 31, this account consists of:

	<u>2025</u>	<u>2024</u>
Miscellaneous deposits	P 15,128,285	P 13,840,369
Rental deposits	13,236,105	10,392,866
Contingency fund	4,746,703	-
Deposits with network providers	2,422,725	2,422,725
Deferred acquisition cost	668,572	-
Reserve for reinsurance premiums	569,422	-
Others	111,045	-
	<u>P 36,882,857</u>	<u>P 26,655,960</u>

Miscellaneous deposits consist of utilities deposit.

Rental deposits are advance deposits given to the lessor at the inception of the lease agreement that will be refunded at the end of the lease agreement after all the valid claims have been cleared.

Deposit with network providers are funds that are used to pay claims.



17. POLICY AND CONTRACT CLAIMS PAYABLE

As at December 31, this account consists of:

	<u>2025</u>	<u>2024</u>
Claims payable:		
Life insurance	P 29,170,159	P 117,831,912
Non-life insurance	6,686,326	3,952,937
Reserve for unearned premiums – non-life	<u>3,972,055</u>	<u>2,600,313</u>
	<u>P 39,828,537</u>	<u>P 124,385,162</u>

Policy and contract claims payable pertains to claims on death, health and disability benefits of the policy holders that occurred, filed or reported to the Parent Company but not yet paid as of the end of the accounting period. It includes claims due and unpaid, claims in the course of settlement, resisted claims and those which are incurred but not reported.

18. PREMIUM DEPOSIT FUND

This account pertains to deposits from policyholders which can be applied as premium payments in the event the policyholders fail to pay the premiums within the grace period. The fund shall earn interest at such rates as may be declared by the Parent Company each year but never at the lowest prevailing interest rate, net of tax, of savings accounts on banks. The interest paid on this deposit amounted to P14,762,808 in 2025 and P3,606,966 in 2024 and are presented as part of Finance costs in the statements of comprehensive income (*see Note 30*).

As at December 31, 2025 and 2024, the account amounted to P273,648,159 and P271,344,490, respectively.

19. INSURANCE PAYABLES

The account pertains to the reinsurance premium due and payable by the Parent Company to its reinsurer, Hannover Rück SE Hongkong Branch, amounting to P3,751,294 and P3,058,723 as at December 31, 2025 and 2024, respectively.

20. PAYABLES AND OTHER LIABILITIES

This account consists of:

	<u>2025</u>	<u>2024</u>
Other claims payables	P 83,083,806	P 98,564,703
Due to government agencies	4,791,105	16,637,984
Accrued expenses	911,168	914,507
Others	<u>18,472,316</u>	<u>36,976,663</u>
	<u>P 107,258,395</u>	<u>P 153,093,857</u>



Other claims payable represents obligations arising from other insurance claims and settlements that are expected to be settled at end of reporting period.

Due to government agencies pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 30 days after end of the financial reporting period.

Accrued expenses consist of accruals for professional fees. These are expected to be settled within one month after the end of reporting periods.

Others include payable for registration deposits and customers' miscellaneous deposits.

21. LEGAL POLICY RESERVE

As at December 31, 2025 and 2024, this account amounted to P491,256,989 and P380,785,505, respectively.

The movement of the legal policy reserves is shown below:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 380,785,505	P 305,456,094
Remeasurement of legal policy reserve (see Note 32)	31,750,597	10,636,526
Gross change in legal policy reserve	<u>78,720,887</u>	<u>64,692,885</u>
Balance at end of year	<u>P 491,256,989</u>	<u>P 380,785,505</u>

The balances of aggregate life policy reserves at the end of the year were actuarially determined and certified true and correct by the Parent Company's actuary on April 1, 2026 for year 2025 and February 17, 2025 for year 2024.

The aggregate life policy reserve increased by P110,471,484 and P75,329,411 in 2025 and 2024, respectively.

Re-measurement on the aggregate life policy reserve in compliance with IC Circular Letter 2016-66 dated December 28, 2016 was performed at the beginning of year. As a result, the total revaluation recognized in other comprehensive income amounted to P31,750,597 in 2025 and P10,636,526 in 2024, while legal policy expense amounting to P78,720,887 in 2025 and P64,692,885 in 2024 is recognized in the profit and loss.



22. PERSONNEL COSTS

Salaries and Employee Benefits

Expenses recognized for salaries and employee benefits are presented below:

	2025		2024
Salaries and wages	P 32,978,634	P	33,584,492
Employees benefits	7,036,739		7,485,527
Social security costs	3,208,028		2,256,963
Retirement expense	1,127,365		1,473,061
	<u>P 44,350,766</u>	P	<u>44,800,043</u>

Retirement Plan

The Parent Company has a non-contributory retirement plan in trust, which took effect on September 15, 1994 covering all regular, permanent and full-time employees of the Parent Company. This provision of the Plan allows the retirement of an employee who may have served the Parent Company for even less than ten (10) years as long as the employee retires at the age of 65. The plan also provides for death, permanent disability and severance benefits.

Actuarial valuations were performed on March 11, 2026 for the year ended December 31, 2025, to determine the retirement benefits obligation to be recognized in accordance with the Philippine Accounting Standards No. 19 (PAS 19), as revised, and to determine appropriate amounts for funding.

The defined benefit obligation recognized in the statements of financial position as at December 31 are as follows:

	2025		2024
Present value obligation	P 11,648,340	P	13,610,938
Fair value of plan assets	(6,593,799)	(	6,497,594)
Retirement benefit obligation	<u>P 5,054,541</u>	P	<u>7,113,344</u>

Movements of present value of obligation are as follows:

	2025		2024
Balance at beginning of year	P 13,610,938	P	11,742,275
Current service cost	878,453		1,111,286
Interest income	248,912		757,377
Benefits paid	124,850		-
Adjustment	(28,645)		-
Actuarial loss	(3,186,168)		-
Ending balance	<u>P 11,648,340</u>	P	<u>13,610,938</u>



Movements of fair value of plan assets are as follows:

	2025	2024
Balance at beginning of year	P 6,497,594	P 6,133,367
Actual return	221,055	-
Benefit paid	(124,850)	-
Expected return on plan asset	-	395,602
Re-measurement on plan asset - OCI	-	(31,375)
Balance at end of year	<u>P 6,593,799</u>	<u>P 6,497,594</u>

Movements in net liability are as follows:

	2025	2024
Balance at beginning of year	P 7,113,344	P 5,608,908
Amount recognized in profit or loss	1,127,365	1,473,061
Amount recognized in other comprehensive income (see Note 32)	(3,186,168)	31,375
Balance at end of year	<u>P 5,054,541</u>	<u>P 7,113,344</u>

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2025	2024
<i>Reported in profit or loss</i>		
Current service cost	P 878,453	P 1,111,286
Interest on net liability	248,912	361,775
	<u>P 1,127,365</u>	<u>P 1,473,061</u>
<i>Reported in other comprehensive income</i>		
Actuarial gain	(P 3,186,168)	P -
Losses on return on plan asset	-	31,375
	<u>(P 3,186,168)</u>	<u>P 31,375</u>

Principal actuarial assumption (end of period) is as follows:

	2025	2024
Discount rate	6.49%	6.45%
Salary increase rate	5%	5.00%



As at December 31, the details of China Bank Savings Trustee report on retirement fund are as follows:

	2025	2024
Deposit in banks	P 2,004	P 1,135,662
Investment	6,524,814	5,313,794
Receivables	84,304	65,727
Liabilities	(17,323)	(17,589)
Fund balance	<u>P 6,593,799</u>	<u>P 6,497,594</u>

a. Risks Associated with the Retirement Plan

The plan exposes the Association to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

i. Interest Risk

The present value of the retirement benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of reference government bonds will increase the plan obligation.

ii. Longevity and Salary Risks

The present value of the retirement benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

b. Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described below and its succeeding page.

Sensitivity Analysis

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the retirement benefit obligation at the actuarial valuation report date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement, based on changes in the relevant assumption that were reasonably possible at the valuation date, while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the retirement benefit obligation.



The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the retirement benefit obligation as at December 31:

	Impact on defined benefit obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2025			
Discount rate	1%	P 10,476,095	P 13,044,181
Salary increase rate	1%	12,928,096	10,550,892
December 31, 2024			
Discount rate	1%	P 13,747,047	P 14,633,732
Salary increase rate	1%	14,291,485	13,491,247

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statements of financial condition.

23. INSURANCE PREMIUMS

For the years ended December 31 the account consists of the following:

	2025	2024
Insurance premium	P 1,127,484,702	P 1,057,569,892
Increase/ (decrease) in premium due and uncollected	3,508,334	(10,698,541)
Gross premium on insurance contract	1,130,993,036	1,046,871,351
Reinsurer's share of gross insurance premium	(4,825,871)	(4,979,207)
	<u>P 1,126,167,165</u>	<u>P 1,041,892,144</u>

24. COMMISSION

This account consists of commission expense for insurance broker and agent amounting to P244,434,720 and P162,450,980 in 2025 and 2024, respectively.



25. UNDERWRITING EXPENSES

This account consists of the following:

	2025	2024
Premium tax expense	P 11,849,035	P 10,204,888
Administrative	-	4,235,925
Documentary stamp tax	120,894	94,220
Reinsurance	3,771	-
Referral	2,134	-
Surrender benefits	-	7,971,158
Medical fee	-	960
	<u>P 11,975,834</u>	<u>P 22,507,151</u>

26. GROSS BENEFIT AND CLAIMS PAID ON INSURANCE CONTRACTS

This account consists of the following:

	2025	2024
Hospitalization benefit	P 356,884,383	P 526,778,203
Death benefit	54,392,052	4,639,562
Maturity benefit	36,206,195	17,158,837
Surrender benefits	12,278,052	-
Money saver benefit	10,512,067	21,659,332
Motor vehicle benefit	131,896	1,423,762
Retirement benefit	100,000	-
Others	2,733,388	-
	<u>P 473,238,033</u>	<u>P 571,659,696</u>



27. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of the following:

		2025	2024
Salaries and other benefits (<i>see Note 22</i>)	P	44,350,766	P 44,800,043
Rental (<i>see Note 34</i>)		25,762,804	19,708,738
Depreciation and amortization (<i>see Note 15</i>)		15,622,112	5,202,970
Consultancy fees		4,810,042	5,528,611
Input VAT expense (<i>see Note 40</i>)		4,021,210	600
Professional fees		3,808,265	2,351,183
Light and water		3,741,630	2,980,147
Taxes and licenses (<i>see Note 40</i>)		3,660,934	12,461,083
Service fees		3,118,860	-
Communication and postages		2,727,571	2,215,938
Training expense		2,723,473	36,659
Transportation and travel		1,850,264	1,047,996
Printing, stationery and supplies		1,809,598	2,117,893
Advertising and promotions		1,466,222	9,755,256
Association dues		1,448,667	884,343
Representation and entertainment		1,326,724	1,389,670
Prizes and awards		1,219,142	807,981
Repairs and maintenance		872,784	583,681
Insurance		775,586	216,518
Fines and penalties		506,459	6,533,114
Donation and contributions		405,725	12,600
Shipping charges		283,481	223,345
Security expenses		984	37,801
Miscellaneous		11,471,975	13,716,391
	P	<u>137,785,278</u>	P <u>132,612,561</u>

Miscellaneous pertains to medical supplies, construction, and other miscellaneous expenses.

28. FINANCE INCOME

This account consists of the following:

		2025	2024
Interest income:			
Deposit in banks (<i>see Note 5</i>)	P	31,582,458	P 34,113,805
Investment in bonds (<i>see Note 11</i>)		27,278,536	46,755,656
Policy loans (<i>see Note 6</i>)		92,025	363,581
Mortgage and collateral loans (<i>see Note 6</i>)		179,422	717,510
		<u>59,132,441</u>	<u>81,950,552</u>
Dividend income (<i>see Note 10</i>)		13,886,970	12,294,949
	P	<u>73,019,411</u>	P <u>94,245,501</u>



29. OTHER INCOME

This account consists of network fees amounting to P40,654,463 and P22,107,077 in 2025 and 2024, respectively.

30. FINANCE COST

This account consists of the following:

	2025		2024
Bank charges	P 11,686,354	P	7,511,151
Interest expense (<i>see Note 18</i>)	14,762,808		3,606,966
	<u>P 26,449,162</u>	P	<u>11,118,117</u>

31. INCOME TAXES

The components of tax expense reported in the statement of comprehensive income are as follows:

	2025		2024
<i>Reported in profit or loss:</i>			
Regular corporate income tax at 25%	P 53,746,086	P	47,559,222
Final tax	11,772,198		16,173,892
Deferred income tax on origination and reversal of temporary difference	82,486,834	(	376,109)
	<u>P 148,005,118</u>	P	<u>63,357,005</u>
<i>Reported in other comprehensive income:</i>			
Deferred income tax on origination and reversal of temporary difference	(P 799,858)	P	-

A reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense reported in the profit or loss is as follows:

	2025		2024
Tax on pre-tax profit at 25%	P 146,886,989	P	48,300,833
Adjustment for income subjected to lower tax rate	(2,943,050)	(	4,043,473)
Tax effect of:			
Non-taxable income	(3,502,956)	(	399,102)
Non-deductible expense	7,564,135		19,874,856
Deferred income tax on origination of temporary difference	-	(	376,109)
	<u>P 148,005,118</u>	P	<u>63,357,005</u>



The Parent Company's deferred tax liabilities net of deferred tax assets as at December 31, relate to the following:

	Statements of Financial		Statements of Comprehensive Income			
	Position		Profit or Loss		Other Comprehensive Income	
	2025	2024	2025	2024	2025	2024
<i>Deferred tax assets:</i>						
Retirement benefit obligation	P 1,263,635	P 1,778,335	(P 281,841)	(P 376,109)	P 796,542	P -
Allowance for impairment	<u>5,403,567</u>	<u>5,403,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>6,667,202</u>	<u>7,181,902</u>	<u>(281,841)</u>	<u>(376,109)</u>	<u>796,542</u>	<u>P -</u>
<i>Deferred tax liabilities:</i>						
Revaluation reserve on property and equipment	(20,934,460)	(22,530,860)	-	-	(1,596,400)	-
Changes in fair value of investment property	(<u>107,568,771</u>)	(<u>24,800,096</u>)	<u>82,768,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(<u>128,503,231</u>)	(<u>47,330,956</u>)	<u>82,768,675</u>	<u>-</u>	(<u>1,596,400</u>)	<u>-</u>
Net deferred tax liabilities	(<u>P121,836,029</u>)	(<u>P40,149,054</u>)				
Tax expense (benefit)			<u>P82,486,835</u>	(<u>P 376,109</u>)	(<u>P 799,858</u>)	<u>P -</u>

In 2025 and 2024, the Parent Company claims itemized deductions for income tax purposes.

32. EQUITY

Capital Stock

Capital stock consists of:

	Shares		Amount	
	2025	2024	2025	2024
Common stock – P1 par value				
Authorized	<u>1,300,000,000</u>	<u>1,300,000,000</u>	<u>P 1,300,000,000</u>	<u>P 1,300,000,000</u>
Issued and outstanding	<u>625,000,000</u>	<u>625,000,000</u>	<u>P 625,000,000</u>	<u>P 625,000,000</u>

As at December 31, 2025 and 2024, the Parent Company has 57 stockholders owning 100 or more shares each of the capital stock.

Contingency Surplus

The Parent Company's contingency surplus pertains to contributed surplus amounting to P83,936,616 as at December 31, 2025 and 2024. Under the Insurance Code, stockholders are allowed to make an additional contribution in proportion to their respective interests to maintain the required net worth.

Contributed Surplus

The Parent Company's contributed surplus represents contributions of the stockholders to cover any impairment in net worth as required under the amended Insurance Code amounted to P371,936,724 as at December 31, 2025 and 2024.



Revaluation Reserves

The components and reconciliation of items of other comprehensive income presented in the statements of changes in equity at their aggregate amount under Revaluation reserves account are shown below:

	Financial Asset at FVOCI (see Note 10)	Property Revaluation Reserve (see Note 15)	Defined Benefit Plan (see Note 22)	Legal Policy Revaluation Reserve (see Note 21)	Total
Balance at January 1, 2025					
As previously reported	(P 87,627,240)	P 86,930,638	P 4,146,978	P 105,539,379	P 108,989,755
Prior period adjustment	-	(22,530,860)	-	-	(22,530,860)
As Restated	(87,627,240)	64,399,778	4,146,978	105,539,379	86,458,895
Fair value loss (see Note 10)	(33,714,610)	-	-	-	(33,714,610)
Depreciation	-	(3,192,800)	-	-	(3,192,800)
Remeasurement of defined benefit plan (see Note 22)	-	-	3,186,168	-	3,186,168
Remeasurement of legal policy reserve (see Note 21)	-	-	-	(31,750,597)	(31,750,597)
Tax benefit (expense)	-	1,596,400	(796,542)	-	799,858
Other comprehensive income (loss) for the year	33,714,610	(1,596,400)	2,389,626	(31,750,597)	(64,671,981)
Balance at December 31, 2025	(P 121,341,850)	P 62,803,378	P 6,536,604	P 73,788,782	P 21,786,914
Balance at January 1, 2024					
As previously restated	(P 4,936,465)	P 90,123,438	P 4,178,353	P 116,175,905	P 205,541,231
Prior period adjustment	-	(22,530,860)	-	-	(22,530,860)
As Restated	(4,936,465)	67,592,578	4,178,353	116,175,905	183,010,371
Fair value loss (see Note 10)	(82,690,775)	-	-	-	(82,690,775)
Depreciation	-	(3,192,800)	-	-	(3,192,800)
Remeasurement of defined benefit plan (see Note 22)	-	-	(31,375)	-	(31,375)
Remeasurement of legal policy reserve (see Note 21)	-	-	-	(10,636,526)	(10,636,526)
Other comprehensive loss for the year	(82,690,775)	(3,192,800)	(31,375)	(10,636,526)	(96,551,476)
Balance at December 31, 2024	(P 87,627,240)	P 64,399,778	P 4,146,978	P 105,539,379	P 86,458,895

Equity Share in Other Comprehensive Income (OCI)

This pertains to share of the Parent Company in the OCI of the associates which includes items such as fair value changes of equity instruments, foreign currency translation differences, and actuarial gains or losses amounted to P1,282,709 in 2025 (see Note 12).

Retained Earnings

The retained earnings include unrealized revaluation gain of investment property amounting to P430,275,082 and P99,200,382 as at December 31, 2025 and 2024, respectively (see Note 14), which is not available for dividend declaration.



Prior Period Adjustments

The following are the effect of prior period adjustments:

		December 31, 2024		
		As Previously Reported	Adjustment/ Reclassification	As Restated
<i>Statement of Financial Condition</i>				
Non-current assets:				
Deferred tax asset	P	7,181,902	(P 7,181,902)	P -
Non-current liabilities:				
Deferred tax liability		-	40,149,054	40,149,054
<i>Statement of Changes in Equity</i>				
Revaluation reserves	P	108,989,755	(P 22,530,860)	P 86,458,895
Retained earnings		444,453,253	(24,800,096)	419,653,157
		January 1, 2024		
		As Previously Reported	Adjustment/ Reclassification	As Restated
<i>Statement of Financial Condition</i>				
Non-current assets:				
Deferred tax asset	P	6,805,793	(P 6,805,793)	P -
Non-current liabilities:				
Deferred tax liability		-	40,525,163	40,525,163
<i>Statement of Changes in Equity</i>				
Revaluation reserve	P	205,541,231	(P 22,530,860)	P 183,010,371
Retained earnings		311,414,126	(24,800,096)	286,614,030

The Parent's Company financial statements have been restated to reflect adjustments in deferred income tax arising from the revaluation of property and equipment and investment property since the management anticipates realizing the related deferred income from these assets.

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.



The Parent Company's outstanding balances on transactions with related parties as at December 31, are summarized below:

	2025		2024		Terms and Condition
	Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance	
Receivable from related parties					
Affiliates	<u>P 5,408,088</u>	<u>P 6,310,805</u>	<u>P -</u>	<u>P 11,718,893</u>	Non-interest bearing, payable on demand, secured, no impairment loss
Key Management Personnel					
Compensation	<u>P 12,961,377</u>	<u>P -</u>	<u>P 9,472,207</u>	<u>P -</u>	

Receivables with Related Parties

In the ordinary course of business, the Parent Company has accounts receivable with its affiliates (*see Note 6*).

Key Management Personnel

The key management personnel compensation (covering senior managers and up) amounted to P12,961,377 and P9,472,207 in 2025 and 2024, respectively and included in the salaries and other benefits under general and administrative expense in the statements of comprehensive income.

34. COMMITMENTS AND CONTINGENCIES

Operating Leases

As at December 31, 2025 and 2024, the Parent Company has several agreements with various entities for the lease of commercial space and offices for a period of one year with a renewal option. The Parent Company has elected not to recognize a lease liability on short-term leases. Payments made under such leases are expensed on a straight-line basis. The total rental expense amounted to P25,762,804 and P19,708,738 in 2025 and 2024, respectively (*see Note 27*).



Legal Cases

As at December 31, 2025, the Parent Company has the following legal case:

University of the Philippines vs. Manila Bankers Life Insurance Corporation
Civil Case No. Q94-22383
Regional Trial Court of Quezon City, Branch 224

The Regional Trial Court (Branch 85) of Quezon City issued a Resolution dated July 20, 2017 denying UP's Motion for Reconsideration. Earlier the Court rendered a Decision dated December 6, 2016 dismissing UP's claim for payment of the amount of approximately P13.2 million representing purported unpaid rentals for the use of the Asian Institute of Tourism House along Commonwealth Avenue, Quezon City.

The Parent Company expect UP to appeal the decision dismissing its complaint.

Others

In the normal course of business, the Parent Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the Parent Company's financial statements. The Parent Company's management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Parent Company's financial statements.

35. RISK MANAGEMENT OBJECTIVE AND POLICY

Risks are inherent in the business activities of the Parent Company. Among its identified risks are insurance risk, investment risk, credit risk, liquidity risk and market risk. These are managed through a risk management framework and governance structure that provides comprehensive controls and management of major risks on an ongoing basis.

Risk management is the process by which the Parent Company identifies its key risks, obtains consistent and understandable risk measures, decides which risks to take on or reduce and how this will be done, and establishes procedures for monitoring the resultant risk positions. The objective of risk management is to protect the Parent Company from events that hinder the sustainable achievement of the Parent Company's performance objectives including failing to exploit opportunities. The Parent Company recognizes the critical importance of having efficient and effective risk management systems in place.

Risk Management Structure and Strategies

The Parent Company has established a risk management function with clear terms of reference for the BOD, its committees and the associated executive management committees. Further, a clear organizational structure with documented delegated authorities and responsibilities from the BOD to executive management committees and senior managers has been developed. Lastly, a policy framework that sets out the risk appetite of the Parent Company, risk management, control and business conduct standards for the Parent Company's operations has been put in place. Each policy has a member of senior management who is charged with overseeing compliance with the policy throughout the Parent Company.



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

Insurance Risk

The risk under insurance contract is the possibility of occurrence of insured event and uncertainty of the amount and timing of resulting claim. The principal risk which the Parent 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, actual benefits paid are greater than originally estimated and subsequent development of long-term claims.

Life Insurance Contracts

The Parent Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount. Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

The risks associated with life and accident and health products are underwriting risk and investment risk.

Underwriting Risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing.

Underwriting risks are brought about by a combination of the following:

- *Mortality Risk* - risk of loss arising due to policyholder death experience being different than expected.
- *Morbidity Risk* - risk of loss arising due to policyholder health and disability experience being different than expected.
- *Investment Return Risk* - risk of loss from actual return being different from expected.
- *Longevity Risk* - risk of loss arising due to the annuitant living longer than expected.
- *Expense Risk* - risk of loss arising from expense experience being different than expected.
- *Lapse Risk* - risk of loss due to policyholder experiences (lapses and surrenders) being different than expected.

These risks currently do not vary significantly in relation to the location of the risk insured by the Parent Company, while undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Parent Company's underwriting strategy is designated to ensure that risks are well diversified in terms of type of risks and level of insured benefits. This is largely achieved through diversification across industry of sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Parent Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Parent Company to pursue third parties for payment of some or all costs. The Parent Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Parent Company.

The Parent Company is cognizant of the need to exercise good judgment in the selection and approval of both domestic and foreign companies participating in its reinsurance programs. While reinsurance arrangements do not relieve the Parent Company from its direct obligations to its insured, an efficient and effective reinsurance program substantially limits the Parent Company's exposure to potentially significant losses.

There are no mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed and guaranteed benefits and fixed future premiums.

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

Type	2025			2024		
	Number of Policies	Amount of Insurance	Percentage	Number of Policies	Amount of Insurance	Percentage
Group Life	75	P 57,318,702,701	88.63%	67	P 32,136,149,482	0.08%
Term	5,021	6,234,240,000	9.64%	5,004	6,121,800,000	14.68%
Endowment	14,954	634,503,303	0.98%	12,549	578,629,972	1.50%
Whole life	1,309	488,000,000	0.76%	901	296,750,000	83.75%
	21,359	P 64,675,446,004	100.00%	18,521	P 39,133,329,454	100.00%

Non-life Insurance Contracts

The Parent Company principally issues the following types of general insurance contracts: fire, motor, health and accident. Risks under general insurance policies usually cover a 12-month duration.

For general insurance contracts, the significant risks arise from climate changes and natural disasters.

These risks vary significantly in relation to the location of the risk insured and type of risk insured. Undue concentration by amount 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 Parent Company. The Parent Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Parent Company.

The Parent 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 the exposure to catastrophic events, such as hurricanes, earthquakes and flood damages.

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

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

Type	2025			2024		
	Number of Policies	Amount of Insurance	Percentage	Number of Policies	Amount of Insurance	Percentage
Personal Accident	920	P 1,503,050,000	53.35%	754	P 1,371,500,000	54%
Fire	117	926,279,457	32.88%	90	688,758,770	40%
Motor Car	521	388,233,630	13.77%	353	297,981,195	6%
General Account	-	-	0.00%	-	-	-
Engineering	-	-	0.00%	-	-	-
Suretyship	-	-	-	-	-	-
	<u>1,558</u>	<u>P 2,817,563,087</u>	<u>100.00%</u>	<u>1,197</u>	<u>P 2,358,239,965</u>	<u>100%</u>

Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed-rate investments, being less than the cash flows required to meet the obligations of the expected policy and contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in force that will have premium receipts in the future, that is, the investment of those future premiums receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management reinvests the proceeds of the maturing securities and future premium receipts to financial instruments with satisfactory investment quality.

The Parent Company's strategy is to invest primarily in high-quality securities while maintaining diversification to avoid significant exposure to issuer, industry and/or country concentrations taking into consideration limitations set by IC. Another strategy is to produce cash flows required to meet maturing insurance liabilities. The Parent Company invests in equities for various reasons, including diversifying its overall exposure to interest rate risk. Financial assets at FVOCI are subject to changes in fair value. Generally, insurance regulations restrict the type of assets in which an insurance Parent Company may invest.



The Parent Company uses asset-liability matching as a management tool to determine the composition of the invested assets and appropriate investment and marketing strategies. As part of these strategies, the Parent Company may determine that it is economically advantageous to be temporarily in an unmatched position due to the anticipated interest rate or other economic changes.

Financial Management Risk

The Parent Company's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. The Parent Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Parent Company's financial performance. Long-term financial investments are managed to generate lasting returns.

The Parent Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Parent Company is exposed are described below:

a. Market Risk

1. Foreign Exchange Risk

While the Parent Company's revenue is currently generated in Philippine peso, a portion of the cash received from its policyholders is denominated in United States Dollar (USD). These USD denominated cash in bank represents 0.009% of the Parent Company's total cash and cash equivalents as at December 31, 2025 and 2024. As such, fluctuations in the value of the Philippine peso against the USD are not expected to have a material adverse effect on the Parent Company's results of operations.

2. Interest Rate Risk

The Parent Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Majority of the Parent Company's loan portfolio has fixed interest rates. As a result, the Parent Company's exposure to interest rate fluctuations, and other market risks, is significantly reduced.

The table below illustrates the sensitivity of the Parent Company's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/-182% and +/-190% in 2025 and 2024, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end each reporting period that are sensitive to changes interest rates. All other variables are held constant.

		2025		2024	
		+1.82	-1.82	+1.90	-1.90
Impact on profit or loss	P	74,348,364	(P 74,348,364)	P 96,036,166	(P 96,036,166)
Equity		55,761,273	(55,761,273)	72,027,124	(72,027,124)



3. *Price Risk*

Price risk is the risk that the Parent Company incurs losses due to changes in market values of financial instruments arising from movements in market prices.

The Parent Company's price risk arises from its investments carried at fair value (i.e., financial assets classified as financial assets at FVTPL and FVOCI). The Parent Company manages exposures to price risk by monitoring the changes in the market price of the investments and at some extent, diversifying the investment portfolio in accordance with the limit set by management.

For equity securities listed in the Philippines, an average volatility of 23% has been observed during 2025 and 2024. If quoted price for these securities decreased or increased by that amount, profit before tax would have changed by P7,754,360 in 2025 and P19,018,878 in 2024, while equity would have changed by P5,815,770 and P14,264,159 in 2025 and 2024, respectively.

Except for those that are held for trading, the investments in listed equity securities are considered long-term strategic investments. In accordance with the Parent Company's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from equity instruments are utilized in the Parent Company's favor.

b. *Credit Risk*

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Parent Company. The Parent Company is exposed to this risk for insurance receivables, reinsurance assets, and various financial instruments arising from granting loans to employees, policyholders and other counterparties, receivables incidental to investment activities, placing deposits with banks, and investing in debt securities that are carried at amortized cost and FVOCI.

The Parent Company continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Parent Company's policy is to deal only with creditworthy counterparties.



The maximum credit risk exposure of assets is the carrying amount of the assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below and in the succeeding pages.

	<u>2025</u>		<u>2024</u>
Cash and cash equivalents	P 755,987,591	P	715,670,625
Loans and other receivables	68,016,789		278,470,828
Insurance contract receivables	32,300,234		13,530,066
Accrued interest receivable	17,638,651		20,082,375
Financial assets at FVOCI	701,370,878		658,905,011
Financial asset at amortized cost	425,888,634		585,372,665
	<u>P 2,001,202,777</u>	P	<u>2,272,031,570</u>

The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks with high-quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 for every depositor per banking institution.

Financial assets at an amortized cost measured at amortized cost and FVOCI are considered to have low credit risk, and therefore, the loss allowance during the period is determined to be equivalent to 12 months ECL. Management considers low credit risk for listed bonds to be an investment-grade credit rating with at least one major rating agency.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Parent Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for loans and receivables (except for policy loans) and accrued income. Policy loans are not exposed to credit risk as these are secured by the cash surrender values of the related policies. To measure the expected credit losses, loans and receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due (age buckets). The expected loss rates are based on the payment profiles of counterparties over a period of 12 months before December 31, 2025, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the counterparties to settle the receivables.



The following tables show the exposure to credit risk of financial instruments as at December 31 for each internal risk grade and the related allowance for impairment:

	2025			
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables	P 68,016,789	P -	P -	P 68,016,789
ECL allowance	(21,157,021)	-	-	(21,157,021)
Carrying amount	<u>P 46,859,768</u>	<u>P -</u>	<u>P -</u>	<u>P 46,859,768</u>
Insurance contract receivable	P -	P -	P 32,300,234	P 32,300,234
ECL allowance	-	-	(457,245)	(457,245)
Carrying amount	<u>P -</u>	<u>P -</u>	<u>P 31,842,989</u>	<u>P 31,842,989</u>
Financial asset at amortized cost	P 425,888,634	P -	P -	P 425,888,634
ECL allowance	-	-	-	-
Carrying amount	<u>P 425,888,634</u>	<u>P -</u>	<u>P -</u>	<u>P 425,888,634</u>
	2024			
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables	P 278,470,828	P -	P -	P 278,470,828
ECL allowance	(21,157,021)	-	-	(21,157,021)
Carrying amount	<u>P 257,313,807</u>	<u>P -</u>	<u>P -</u>	<u>P 257,313,807</u>
Insurance contract receivable	P -	P -	P 13,530,066	P 13,530,066
ECL allowance	-	-	(457,245)	(457,245)
Carrying amount	<u>P -</u>	<u>P -</u>	<u>P 13,072,821</u>	<u>P 13,072,821</u>
Financial asset at amortized cost	P 585,372,665	P -	P -	P 585,372,665
ECL allowance	-	-	-	-
Carrying amount	<u>P 585,372,665</u>	<u>P -</u>	<u>P -</u>	<u>P 585,372,665</u>



The following tables show the reconciliation from the opening to the closing balance of the ECL allowance by class of financial instrument.

2025				
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables				
Balance at beginning of year	P 21,157,021	P -	P -	P 21,157,021
ECL allowance	-	-	-	-
Balance at end of year	<u>P 21,157,021</u>	<u>P -</u>	<u>P -</u>	<u>P 21,157,021</u>
Insurance contract receivables				
Balance at beginning of year	P -	P -	P 457,245	P 457,245
ECL allowance	-	-	-	-
Balance at end of year	<u>P -</u>	<u>P -</u>	<u>P 457,245</u>	<u>P 457,245</u>
2024				
	Stage 1	Stage 2	Stage 3	Total
Loans and other receivables				
Balance at beginning of year	P 21,157,021	P -	P -	P 21,157,021
ECL allowance	-	-	-	-
Balance at end of year	<u>P 21,157,021</u>	<u>P -</u>	<u>P -</u>	<u>P 21,157,021</u>
Insurance contract receivables				
Balance at beginning of year	P -	P -	P 457,245	P 457,245
ECL allowance	-	-	-	-
Balance at end of year	<u>P -</u>	<u>P -</u>	<u>P 457,245</u>	<u>P 457,245</u>

The following tables show the credit quality of financial assets by class (gross of allowance) of the Parent Company as at December 31:

2025						
Neither Past Due nor Impaired			Past Due But Not Yet Impaired		Total	
High Grade	Standard Grade	Substandard Grade		Impaired		
Cash and cash equivalents	P 755,987,591	P -	P -	P -	P 755,987,591	
Loans and other receivables	26,593,095	-	-	20,266,673	21,157,021	68,016,789
Insurance contract receivables	31,842,989	-	-	-	457,245	32,300,234
Accrued interest receivable	17,638,651	-	-	-	-	17,638,651
Financial asset at FVOCI	701,370,878	-	-	-	-	701,370,878
Financial asset at amortized cost	425,888,634	-	-	-	-	425,888,634
<u>P 1,959,321,838</u>	<u>P -</u>	<u>P -</u>	<u>P 20,266,673</u>	<u>P 21,614,266</u>	<u>P 2,001,202,777</u>	



		2024					
		Neither Past Due nor Impaired			Past Due But Not Yet Impaired	Impaired	Total
		High Grade	Standard Grade	Substandard Grade			
Cash and cash equivalents	P	715,670,625	P -	P -	P -	P -	P 715,670,625
Loans and other receivables		236,420,261	-	-	20,893,546	21,157,021	278,470,828
Insurance contract receivables		13,072,821	-	-	-	457,245	13,530,066
Accrued interest receivable		20,082,375	-	-	-	-	20,082,375
Financial asset at FVOCI		658,905,011	-	-	-	-	658,905,011
Financial asset at amortized cost		585,372,665	-	-	-	-	585,372,665
	P	<u>2,229,523,758</u>	P -	P -	P 20,893,546	P 21,614,266	P <u>2,272,031,570</u>

The Parent Company's management considers the net amount of the above financial assets that are not impaired or past due for each reporting dates are of good credit quality.

The bases for grading the Parent Company's financial assets are as follows:

1. *High Grade*

These are financial assets that have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the security is readily enforceable.

2. *Standard Grade*

These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with the experience of default.

3. *Substandard Grade*

These are receivables where the counterparty has the experience of default and probability of turning past due in the near future and/or are already past due.

c. *Liquidity Risk*

The Parent Company manages its liquidity needs by carefully monitoring scheduled payments for financial liabilities as well as cash outflows due in day-to-day business.

The Parent Company maintains cash to meet its liquidity requirements. Excess cash is invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of long-term financial assets.



As at December 31, the Parent Company's financial liabilities have contractual maturities which are presented below:

		2025			
		Within 6 Months	6 to 12 Months	Over One year	Total
Policy and contract claims payables	P	39,828,537	P -	P -	P 39,828,537
Premium deposit fund		273,648,159	-	-	273,648,159
Insurance payables		3,751,294	-	-	3,751,294
Payables and other liabilities		-	107,630,174	-	107,630,174
Legal policy reserves		-	-	491,256,989	491,256,989
	P	317,227,990	P 107,630,174	P 491,256,989	P 916,115,153

		2024			
		Within 6 Months	6 to 12 Months	Over One year	Total
Policy and contract claims payables	P	124,385,162	P -	P -	P 124,385,162
Premium deposit fund		271,344,490	-	-	271,344,490
Insurance payables		3,058,723	-	-	3,058,723
Payables and other liabilities		-	136,455,873	-	136,455,873
Legal policy reserves		-	-	380,785,505	380,785,505
	P	398,788,375	P 136,455,873	P 380,785,505	P 916,029,753

36. FAIR VALUE MEASUREMENT

Categories and Fair Values of Financial Assets and Liabilities

As at December 31, the carrying amounts of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below:

		2025		2024	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets					
Cash and cash equivalents	P	755,987,591	P 755,987,591	P 715,670,625	P 715,670,625
Loans and other receivables		26,593,095	46,859,768	278,470,828	257,313,807
Insurance contract receivables		31,842,989	31,842,989	13,530,066	13,072,821
Accrued interest receivable		17,638,651	17,638,651	20,082,375	20,082,375
Financial assets at FVOCI		701,370,878	701,370,878	658,905,011	658,905,011
Financial asset at amortized cost		425,888,634	425,888,634	585,372,665	585,372,665
	P	1,959,321,838	P 1,979,588,511	P 2,272,031,570	P 2,250,417,304



	2025		2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>Financial Liabilities</i>				
Policy and contract claims payables	P 39,828,537	P 39,828,537	P 124,385,162	P 124,385,162
Premium deposit fund	273,648,159	273,648,159	271,344,490	271,344,490
Insurance payables	3,751,294	3,751,294	3,058,723	3,058,723
Payables and other liabilities	107,630,174	107,630,174	136,455,873	136,455,873
Legal policy reserves	<u>491,256,989</u>	<u>491,256,989</u>	<u>380,785,505</u>	<u>380,785,505</u>
	<u>P 916,115,153</u>	<u>P 916,115,153</u>	<u>P 916,029,753</u>	<u>P 916,029,753</u>

The carrying amounts of the above financial assets and liabilities approximate their fair values as at December 31, 2025 and 2024.

The methods and assumptions used by the Parent Company in estimating the fair value of the financial instruments are:

a. *Cash and cash equivalents, insurance contract receivables, and accrued interest receivable*

The carrying amounts of these accounts approximate their fair values due to their short-term duration.

b. *Loans and receivables*

Loans and other receivables are net of impairment losses. The estimated fair value of loans and receivables represents the discounted amount of estimated future cash flows expected to be received. Long-term interest-bearing loans are periodically repriced at interest rates equivalent to the current market rates, to determine fair value. The carrying amounts approximate fair values.

c. *Financial assets at FVOCI*

For publicly traded equity securities, fair values are based on quoted prices published in markets. For unquoted equity securities, the fair value could not be reliably determined due to the unpredictable timing of future cash flows and the lack of suitable methods of arriving at a reliable fair value. These are carried at original cost less allowance for impairment loss.

d. *Financial asset at amortized cost*

The fair values of these bonds are based are measured in amortized cost under the effective interest method. The carrying amounts approximate fair value.

e. *Policy and contract claims payable premium deposit fund, insurance payables and payables and other liabilities*

Policy and contract claim payable, premium deposit fund, insurance payables and payables and other liabilities are recognized initially at their fair value and subsequently measured at amounts to which they are to be paid. Fair value of these short-term liabilities approximates their carrying values.



f. Legal policy reserves

Legal policy reserves represent the accumulated total liability for policies in force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force as of reporting date. The reserves are calculated using actuarial methods and assumptions as approved by the IC, subject to the liability adequacy test (LAT).

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Parent Company uses valuation techniques, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.



The table below shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis as at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2025</u>				
Financial asset at FVOCI	P <u>700,430,878</u>	P <u>-</u>	P <u>940,000</u>	P <u>701,370,878</u>
<u>December 31, 2024</u>				
Financial asset at FVOCI	P <u>657,965,011</u>	P <u>-</u>	P <u>940,000</u>	P <u>658,905,011</u>

Fair Value Measurement for Non-financial Assets

The table below shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at December 31:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2025</u>				
Property and equipment:				
Building and improvements	P <u>-</u>	P <u>-</u>	P <u>12,771,200</u>	P <u>12,771,200</u>
Investment property:				
Land	P <u>-</u>	P <u>492,085,518</u>	P <u>-</u>	P <u>492,085,518</u>
Building and improvements	<u>-</u>	<u>-</u>	<u>11,212,000</u>	<u>11,212,000</u>
	P <u>-</u>	P <u>492,085,518</u>	P <u>11,212,000</u>	P <u>503,297,518</u>
<u>December 31, 2024</u>				
Property and equipment				
Building and improvements	P <u>-</u>	P <u>-</u>	P <u>15,964,000</u>	P <u>15,964,000</u>
Investment property:				
Land	P <u>-</u>	P <u>160,313,418</u>	P <u>-</u>	P <u>160,313,418</u>
Building and improvements	<u>-</u>	<u>-</u>	<u>11,909,400</u>	<u>11,909,400</u>
	P <u>-</u>	P <u>160,313,418</u>	P <u>11,909,400</u>	P <u>172,222,818</u>

The fair value of the Parent Company's building and improvements classified under the Property and equipment account (*see Note 15*), and the Parent Company's Investment property (*see Note 14*) is determined on the basis of the independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.



The fair value of these non-financial assets was determined based on the following approaches:

a. Fair Value Measurement for Land

The fair value of land is determined using the market comparable approach, which reflects recent transaction prices of similar properties in nearby locations. When observable sales prices of comparable land in close proximity are used with no or minimal adjustments, or when adjustments are based on observable market data, the resulting fair value measurement is classified as Level 2 in the fair value hierarchy. However, if significant adjustments are made to the observable prices of comparable properties to reflect differences in key attributes such as property size, zoning, or accessibility, and such adjustments are based on unobservable inputs, the fair value measurement is classified as Level 3. The most significant observable input used in this valuation approach is the price per square foot. Accordingly, an increase in the price per square foot would result in a corresponding increase in the fair value of the land.

b. Fair Value Measurement for Building and Improvements

The Level 3 fair value of the buildings and improvements under the Property and Equipment account was determined using the cost approach that reflects the cost to a market participant to construct an asset of comparable usage, construction standards, design and layout, adjusted for obsolescence. The more significant inputs used in the valuation include direct and indirect costs of construction such as but not limited to, labor and contractor's profit, materials and equipment, surveying and permit costs, electricity and utility costs, architectural and engineering fees, insurance and legal fees. These inputs were derived from various suppliers' and contractor's quotes, price catalogs, and construction price indices. Under this approach, higher estimated costs used in the valuation will result in a higher fair value of the properties.

c. Other Fair Value Information

There has been no change to the valuation techniques used by the Parent Company during the year for its non-financial assets. Also, there were no transfers into or out of the Level 3 fair value hierarchy in 2025 and 2024.

37. CAPITAL MANAGEMENT OBJECTIVES, POLICIES, AND PROCEDURES

The Parent Company's capital management objective is to ensure the Parent Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.



The Parent Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	<u>2025</u>	<u>2024</u>
Total liabilities	P 1,052,092,990	P 988,337,303
Total equity	<u>1,963,766,340</u>	<u>1,586,985,392</u>
Debt-to-equity ratio	<u>0.53:1.00</u>	<u>0.62:1.00</u>

The Parent Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders or sell assets to reduce debt.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and have maintained close monitoring to ensure that the Parent Company is satisfactory in managing its affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Parent Company maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Parent 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., fixed capitalization requirements and Risk-Based Capital (RBC) requirements].

The Parent Company maintains a capital base to cover risks inherent in the business. Externally imposed capital requirements are set and regulated by the IC. These requirements are put in place to ensure solvency. The Parent Company manages its capital requirements by complying with requirements and limitations enforced by the IC, by maintaining the profitability of the business and by aligning the Parent Company's operational strategy to its corporate goals. The Parent Company fully complied with the externally imposed capital requirements as at December 31, 2025 and 2024.

The Parent Company's primary capital management objectives are to ensure its ability to continue as a going concern in order to fulfill the Parent Company's mission and vision and to provide an adequate return to shareholders.

The Parent Company manages its capital structure in light of changes in the economic conditions and the risk characteristics of its activities. The Parent Company takes into consideration future capital requirements, capital deficiency, profitability, and projected operating cash flows, expenditures and investment opportunities. No changes were made in the objectives, policies and processes as at December 31, 2025 and 2024.



Net Worth Requirements

Under the Insurance Code, every domestic life and non-life insurance Parent Company duly licensed by the IC needs to comply with the following net worth requirements:

<u>Compliance Date</u>	<u>Net Worth</u>
On or before June 30, 2013	P 250,000,000
On or before December 31, 2016	550,000,000
On or before December 31, 2019	900,000,000
On or before December 31, 2022	1,300,000,000

As at December 31, 2025 and 2024, the Parent Company complied with the net worth requirements.

Risk-Based Capital (RBC) Requirements

In 2016, the IC issued CL No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, prescribes that all insurance companies must satisfy the minimum statutory RBC ratio of 100% and not fail the Trend Test as stated under Section 3 of this Circular. The RBC ratio of an insurance Parent Company shall be equal to the Total Available Capital divided by the RBC requirement.

IC CL No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework, provides that the level of sufficiency for the RBC2 Framework shall be at 95% level in 2017, 97.50% in 2018 and 99.50% in 2019.

Every life insurance Parent Company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

- The RBC ratio is less than 125% but is not below 100%
- The RBC ratio has decreased over the past year
- The difference between the RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance Parent Company to the corresponding regulatory intervention which has been defined at various levels.

As at December 31, 2025 and 2024, the Parent Company complied with the RBC requirements.



38. NON-ADMITTED ASSETS

The estimated amounts of non-admitted assets which still subject to examination by the IC, which are included in the Parent Company's statements of financial position follow:

		<u>2025</u>		<u>2024</u>
Loans and other receivables	P	16,441,783	P	13,944,063
Prepayments and other current assets		21,252,652		23,736,402
Property and equipment		12,312,723		16,512,195
Deferred tax asset		-		7,181,902
	P	<u>50,007,158</u>	P	<u>61,374,562</u>

39. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2024 comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The effect of the foregoing reclassification is shown below:

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Reclassified</u>
<i>Statements of Profit or Loss</i>			
<i>Insurance Premiums:</i>			
Gross premiums on insurance contracts	P 1,093,561,804	(P 46,690,453)	P 1,046,871,351
<i>Net insurance benefits and claims:</i>			
Gross benefits and claims paid on insurance contract	532,841,527	38,818,169	571,659,696
Commission	179,609,817	(17,158,837)	162,450,980
Underwriting	90,856,936	(68,349,785)	22,507,151

40. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages are the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing requirements under Revenue Regulations (RR) 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.



Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. Output Value-Added Tax (VAT)

The Parent Company declared output VAT amounting to P46,810,048 related to receipts from rendering of services amounting to P390,083,733 in 2025. The tax base for rendering of services is based on the Parent Company's gross receipts for the year, hence may not be the same as the amount of revenues reported in the 2025 financial statements.

The Parent Company has no outstanding output VAT payable as at December 31, 2025.

b. Input VAT

The movements in input VAT as at December 31, 2025, are summarized below:

Balance at beginning of year	P	13,051,094
Domestic purchase of goods other than capital goods		2,039,092
Domestic purchases of services		22,765,989
Allocated to exempt sales (<i>see Note 27</i>)	(	4,021,210)
Applied against output VAT	(	<u>1,011,955)</u>
Balance at end of the year	P	<u>32,823,010</u>

The outstanding input VAT of P32,823,010 as at December 31, 2025 is presented as part of Prepayments and other current assets in the statements of financial position (*see Note 9*).

c. Tax on Importation

The Parent Company has no tax on importation since it does not have any transactions which are subject to importation tax.

d. Percentage tax

The amount of percentage taxes paid during the year is presented below:

	<u>Tax base</u>	<u>Percentage tax</u>
Insurance premium tax	P <u>991,489,789</u>	P <u>19,829,796</u>

e. Excise Tax

The Parent Company did not have any transaction in 2025 which are subject to excise tax.

f. Documentary Stamp Tax

The Parent Company paid documentary stamp on insurance contracts amounting to P679,129.



g. *Taxes and Licenses*

The amount of taxes and licenses for the year ended December 31, 2025 are as follows:

Business licenses and permits	P	1,686,048
Documentary stamp tax		679,129
Real property tax		270,650
Others		<u>1,025,107</u>
	P	<u>3,660,934</u>

h. *Withholding Taxes*

An analysis of the Parent Company's withholding taxes paid or accrued during the year are as follows:

Expanded	P	33,358,400
Compensation		<u>1,933,365</u>
	P	<u>35,291,765</u>

i. *Deficiency Tax Assessment and Tax Case*

As at December 31, 2025, the Parent Company neither has a final deficiency tax assessment with the BIR nor tax case outstanding or pending in courts or bodies outside the BIR in any of the open years.



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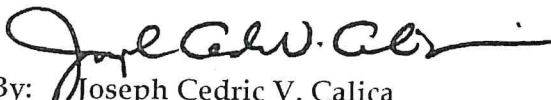
**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEC SCHEDULES FILED SEPARATELY
FROM THE BASIC FINANCIAL STATEMENTS**

The Board of Directors and Stockholders
Manila Bankers Life and General Assurance Corporation
(Formerly Manila Bankers Life and General Insurance Corporation)
3rd Floor, VGP Center
6772 Ayala Avenue
Makati City

We have audited the accompanying financial statements of **Manila Bankers Life and General Assurance Corporation** for the year ended December 31, 2025, on which we have rendered the attached report dated May 15, 2026. The attached supplementary information, "Reconciliation of Retained Earnings Available for Dividend Declaration", as additional component required by Revised Securities Regulation Code (SRC) Rule 68, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements.

Such information is the responsibility of the management and has been subjected to auditing procedures applied in the audits of the basic financial statements. In our opinion, the information has been prepared in accordance with Revised SRC Rule 68.

AMC & ASSOCIATES

By: 
Joseph Cedric V. Calica

Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 10770261, Jan. 9, 2026, Makati City

BIR Accreditation No. 08-002582-001-2023

(issued on Oct. 12, 2023 valid until Oct. 11, 2026)

SEC Accreditation No. 94541-SEC (Group A)

(valid to audit 2023 to 2027 financial statements)

IC Accreditation No. IC-EA-2026-0049-R (Group A)

(valid to audit 2025 to 2027 financial statements)

BSP Accreditation No. 94541-BSP (Group B)

(valid to audit 2021 to 2025 financial statements)

May 15, 2026

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026

BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026

SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements

BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements

CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2025

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
3rd Floor VGP Center, 6772 Ayala Avenue, Makati City

Unappropriated Retained Earnings, beginning of reporting period	P	320,452,775
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	3,192,800	3,192,800
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or period-period adjustments	24,800,096	
Others (describe nature)	-	24,800,096
Unappropriated Retained Earnings, as adjusted		298,845,479
Add/Less: Net Income (loss) for the current year		439,542,838
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/ joint venture, net of dividends declared	(P 10,763,869)	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	331,074,700	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	320,310,831
Less: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	P -	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-
Add: <u>Category C.3:</u> Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Reversal of previously recognized fair value adjustment mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	-
Adjusted Net Income/Loss		418,077,486

(forward)



Adjusted Net Income/Loss	P	418,077,486
Add: <u>Category D</u> : Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: <u>Category E</u> : Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Add/Less: <u>Category F</u> : Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	P	-
Net movement of deferred tax asset non considered in the reconciling items under the previous categories		-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set-up of right-of-use asset and lease liability, set-up of asset and asset retirement benefit obligation, and set-up of service concession asset and concession payable		82,486,835
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-
Others (describe nature)		-
Total Retained Earnings, end of the reporting period available for dividend	P	<u>500,564,321</u>

MANILA BANKERS LIFE AND GENERAL ASSURANCE CORPORATION
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	<u>2025</u>	<u>2024</u>
Total Audit Fees (Section 2.1a)	P 350,000	P 330,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	<u>-</u>	<u>-</u>
Total Non-audit Fees (Section 2.1b)	<u>-</u>	<u>-</u>
Total Audit and Non-audit Fees	P 350,000	P 330,000
 Audit and Non-audit Fees of Other Related Entities (Section 2.1c)		
	<u>2025</u>	<u>2024</u>
Audit fees	P -	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	<u>-</u>	<u>-</u>
Total Audit and Non-audit Fees of Other Related Entities	P -	P -