



**P&A**  
**Grant Thornton**

Financial Statements and  
Independent Auditors' Report

**United Coconut Planters Life Assurance  
Corporation**

December 31, 2025 and 2024  
*(With Corresponding Figures as of January 1, 2024)*

## Report of Independent Auditors

**The Board of Directors**  
**United Coconut Planters Life Assurance Corporation**  
Cocolife Building, 6807 Ayala Avenue  
Makati City

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of United Coconut Planters Life Assurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effects and possible effects of the matters described in the *Bases for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards).

#### *Bases for Qualified Opinion*

#### *Applicable to 2025 and 2024 Financial Statements*

#### *(a) Potential Impairment Loss of Claims Receivables from Coconut Industry Investment Fund (CIIF) Oil Mills Farmers*

The Company, as having previously been a major investor in CIIF, has been providing insurance claims to coconut farmers. Up until 2010, United Coconut Planters Bank (UCPB) Trust was the counterparty responsible in reimbursing the Company regarding the claims. Due to the ownership issue of UCPB, UCPB Trust's funds were restricted and placed in an escrow which stopped the quarterly payments of UCPB Trust during 2010. CIIF Oil Mills then became responsible for the reimbursement of the claims.

However, it was noted that there were no collections received from CIIF Oil Mills despite the fact that the Company continues to pay claims to the farmers. In addition, no additional claims were reimbursed to the Company during 2025 and 2024. The Company also discontinued the billing of interest related to the outstanding balances as management assessed that this interest would not be recovered.

As of December 31, 2025 and 2024, the outstanding balance of claims receivables - farmers, net of allowance for impairment of P74.5 million for both years, amounted to P511.0 million and P498.0 million, respectively (see Note 11 to the financial statements).

Given that the corresponding investment of the Company in CIIF Oil Mills had been fully written-off in 2019, there are indicators that the recoverability of such claims receivables may be remote, hence, such receivables may require an adequate allowance for impairment. As of December 31, 2025 and 2024, claims receivables (gross of allowance for impairment) that has been outstanding amounted to P585.5 million and P572.5 million, respectively. However, due to pertinent legal issues as to the proper entity to claim said receivables from, the Company believes that such claims receivables' collectability will be through the appropriate government agency, subject to approval under the annual General Appropriations Act, and it currently endeavors to make representations with the legislature regarding this matter.

We were unable to obtain sufficient appropriate audit evidence, particularly on the appropriateness of the judgment applied and the assumptions made by the Company's management in determining the recoverable amounts of such claims receivables from CIIF Oil Mills as of December 31, 2025 and 2024 in accordance with the impairment requirements of Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement*, as applied by the Company in accordance with applicable regulatory provision, because the information relevant to comply with such impairment requirements are not readily available from management. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**(b) Potential Impairment Recovery of Investment in a Subsidiary**

As disclosed in Note 14 to the financial statements, the Company has investments in Cocoplans, Inc. (Cocoplans) with cost amounting to P832.0 million (gross of allowance for impairment) as of December 31, 2025 and 2024, presented as part of the Investments in Subsidiaries account in the statements of financial position. Considering that Cocoplans has failed to comply with certain liquidity reserve and capital requirements of the Insurance Commission (IC) in the current and prior years, there are indicators that the carrying amount of the investment in Cocoplans may be impaired as of December 31, 2025 and 2024.

In previous years, the Company made a prior period adjustment to recognize a full impairment of its investment in Cocoplans equivalent to its cost arising from certain indications that an impairment loss exists. However, due to lack of information to establish the recoverable amount of such investment, which is needed to determine the appropriate amount of impairment and the appropriate reporting period of such impairment, we were unable to obtain sufficient appropriate audit evidence. Consequently, we were unable to determine the appropriate adjustment to the amount of investment in Cocoplans in the relevant reporting period.

**(c) Misstatement on Recognized Fair Value Gain from Investment Properties**

In 2025, the Company retrospectively adopted fair value model from cost model in subsequently measuring its investment properties in accordance with PAS 40, *Investment Property*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Hence, the Company's investment properties are carried at fair value in the statements of financial position at P2.0 billion and P1.2 billion as at December 31, 2025 and 2024, respectively (see Note 16 to the financial statements).

In determining the fair value of one of the investment properties, the Company engaged different external valuation specialists for 2025 and the comparative periods. As a result, the valuation approaches, significant assumptions and judgments applied in determining the fair value for 2025 differed from those applied in the comparative periods, despite no significant changes in the condition, use, or underlying market factors of the property that would reasonably support such changes. This resulted in a substantial fair value gain, net of tax, recognized in 2025 amounting to P590.9 million for all of the Company's investment properties.

PFRS 13, *Fair Value Measurement*, requires that, where circumstances have not changed, fair value measurement shall apply valuation techniques, or their application, consistently and in a manner that maximizes comparability across reporting periods. Accordingly, had the 2024 valuation been prepared using valuation approaches and assumptions consistent with those applied in 2025, the fair value gain recognized in 2025 would have been reduced by P552.0 million, and income tax and net income would have reduced by P138.0 million and P414.0, respectively, in the statement of comprehensive income for the year ended December 31, 2025, while the carrying amount of investment properties and the related deferred tax liability would have increased by P736.0 million and P184.0 million, respectively, as of December 31, 2024.

### ***Applicable to 2025 Financial Statements***

#### ***(d) Misstatement on Reclassification Adjustment of Accumulated Fair Value Losses in relation to Disposal of Available-for-sale (AFS) Financial Assets***

As of December 31, 2025 and 2024, the Company's investment securities classified as AFS financial assets amounted to P8.0 billion and P8.3 billion, respectively, as disclosed in Note 10 to the financial statements.

In 2024 and prior years, the Company did not have a formal policy to assess whether declines in the fair value of AFS financial assets were significant or prolonged, as required under PAS 39, even though certain investments showed potential indicators of impairment. Hence, no corresponding impairment losses were recognized in profit or loss in those years. As of December 31, 2024 and January 1, 2024, equity AFS investments with carrying amounts of P878.4 million and P920.7 million were deemed to have significant or prolonged decline in market prices since acquisition. PAS 39 provides that significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment that needs to be recognized in profit or loss. Due to a lack of formal impairment policy and assessment from management, particularly in defining significant or prolonged fair value declines as indicators of impairment, we were unable to obtain sufficient appropriate audit evidence to determine whether any adjustments to these amounts were necessary in 2024 and prior years.

However, in 2025, the Company sold a significant portion of its AFS securities at a loss and management charged the total loss amounting to P1.1 billion directly to retained earnings (see Note 2 to the financial statements). With this, management acknowledged that such securities would have been impaired in previous years and was able to define significant or prolonged fair value declines as basis in recognizing impairment as disclosed in Note 3.1(c) of the notes to the financial statements. Accordingly, the scope limitation in prior years relating to the recognition of impairment of such AFS financial assets in prior periods no longer applies.

In applying management's judgment of significant or prolonged decline consistently to all the years presented, we concluded that the amount directly charged to retained earnings in the current period exceeded the cumulative impairment loss that could be supported for prior periods. Had management reclassified the cumulative fair value loss (net of prior period impairment) from equity to profit or loss, provision for impairment losses would have increased by and net profit would have decreased by P225.3 million, with a corresponding increase in other comprehensive income of the same amount, in the statement of comprehensive income for the year ended December 31, 2025.

### ***Applicable to 2024 Financial Statements***

#### ***(e) Potential Misstatement on Recognized Fair Value Gain from Investment Properties***

In relation to the retrospective application of the fair value model in subsequently measuring the Company's investment properties as of January 1, 2024 (i.e., the third statement of financial position required to be presented in accordance with PAS 1, *Presentation of Financial Statements*), the Company was not able to determine the fair value using the valuation approaches and assumptions consistent with those applied in 2025. Consequently, we were unable to determine the appropriate adjustment to the amount of investment properties as reported in that third statement of financial position and the amount of fair value gain, including the tax effect, to the 2024 statement of comprehensive income.

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

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

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

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

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

### ***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, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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 39 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards; neither it is required by the Revised Securities Regulation Code Rule 68 of the Philippine Securities and Exchange Commission. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **PUNONGBAYAN & ARAULLO**



**By: Jerald M. Sanchez**  
Partner

CPA Reg. No. 0121830  
TIN 307-367-174  
PTR No. 10770774, January 6, 2026, Makati City  
SEC Group A Accreditation  
Partner - No. 121830-SEC (until financial period 2030)  
Firm - No. 0002 (until financial period 2030)  
BIR AN 08-002551-041-2025 (until November 11, 2028)  
BOA/PRC Cert. of Reg. No. 0002/P-013 (until August 12, 2027)

April 15, 2026

**UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**  
*(With Corresponding Figures as of January 1, 2024)*  
*(Amounts in Philippine Pesos)*

	Notes	December 31, 2025	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
<b>ASSETS</b>				
<b>CASH AND CASH EQUIVALENTS</b>	7	<b>P 919,169,293</b>	P 722,496,766	P 1,054,339,294
<b>INSURANCE RECEIVABLES - Net</b>	8	<b>1,090,130,170</b>	1,537,763,706	1,096,765,380
<b>TRADING AND INVESTMENT SECURITIES</b>				
Financial assets at fair value through profit or loss	9	<b>4,159,177,294</b>	3,618,477,800	4,055,083,444
Available-for-sale financial assets	10	<b>7,966,399,443</b>	8,293,840,458	8,898,184,160
<b>LOANS AND OTHER RECEIVABLES - Net</b>	11	<b>4,464,541,141</b>	4,506,948,989	3,863,819,506
<b>ACCRUED INCOME - Net</b>	12	<b>141,258,281</b>	127,365,054	129,116,252
<b>REINSURANCE ASSETS</b>	13	<b>47,456,790</b>	22,436,164	119,686,416
<b>INVESTMENTS IN SUBSIDIARIES - Net</b>	14	<b>1,687,776,208</b>	1,680,776,208	1,496,798,207
<b>REAL ESTATE INVENTORIES</b>	15	<b>332,440,321</b>	339,376,258	312,185,257
<b>INVESTMENT PROPERTIES - Net</b>	16	<b>1,994,396,028</b>	1,203,557,017	1,177,297,990
<b>PROPERTY AND EQUIPMENT - Net</b>	17	<b>239,988,661</b>	274,705,967	257,801,431
<b>RIGHT-OF-USE ASSETS - Net</b>	18	<b>50,779,329</b>	21,061,414	56,492,585
<b>INTANGIBLE ASSETS - Net</b>	19	<b>94,190,174</b>	106,418,916	129,405,428
<b>NET PENSION ASSET</b>	32	<b>69,230,069</b>	-	-
<b>DEFERRED TAX ASSETS - Net</b>	33	-	-	15,835,446
<b>OTHER ASSETS - Net</b>	20	<b>1,040,495,531</b>	1,206,786,018	1,024,636,050
<b>TOTAL ASSETS</b>		<b><u>P 24,297,428,733</u></b>	<b><u>P 23,662,010,735</u></b>	<b><u>P 23,687,446,846</u></b>

	Notes	December 31, 2025	December 31, 2024 (As Restated - see Note 2)	January 1, 2024 (As Restated - see Note 2)
<b><u>LIABILITIES AND EQUITY</u></b>				
INSURANCE CONTRACT LIABILITIES	21	<b>P 15,624,399,472</b>	P 16,761,127,446	P 15,614,747,679
RESERVE FOR POLICYHOLDERS' DIVIDENDS	22	250,193,318	239,410,393	240,192,090
PREMIUM DEPOSIT FUNDS	23	2,203,873,350	330,659,914	602,875,179
INSURANCE PAYABLES	24	74,421,465	79,142,219	132,406,459
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	25	879,558,002	1,150,386,760	1,058,719,418
LEASE LIABILITIES	18	52,826,569	22,239,224	59,019,086
NET PENSION LIABILITY	32	-	9,307,665	24,367,918
DEFERRED TAX LIABILITIES - Net	33	214,862,295	1,311,742	-
OTHER LIABILITIES	25	<u>42,288,124</u>	<u>61,556,240</u>	<u>58,631,714</u>
Total Liabilities		<b>19,342,422,595</b>	18,655,141,603	17,790,959,543
EQUITY	2, 26	<u>4,955,006,138</u>	<u>5,006,869,132</u>	<u>5,896,487,303</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>P 24,297,428,733</u></b>	<b><u>P 23,662,010,735</u></b>	<b><u>P 23,687,446,846</u></b>

*See Notes to Financial Statements.*

**UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024 (As Restated - see Note 2)
<b>NET INSURANCE PREMIUMS</b>			
	27		
Gross premiums on insurance contracts		P 7,839,637,757	P 9,270,507,247
Reinsurance premiums ceded		( 22,076,689 )	( 15,411,399 )
		<u>7,817,561,068</u>	<u>9,255,095,848</u>
<b>OTHER REVENUES</b>			
Investment income - net	28	1,192,052,730	1,182,254,080
Income from variable life funds	2	994,873,946	584,688,279
Fair value gain on investment property	16	787,930,575	74,493,405
Service fees	29	727,188,971	717,322,312
Other income - net	28	35,396,779	36,803,987
		<u>3,737,443,001</u>	<u>2,595,562,063</u>
<b>NET INSURANCE BENEFITS AND CLAIMS</b>			
	30		
Gross benefits and claims		6,234,585,869	7,580,671,981
Gross change in insurance contract liabilities		55,919,489	( 538,672,414 )
Reinsurers' share on benefits and claims		( 27,122,160 )	( 6,234,774 )
Reinsurers' share of gross change in insurance contract liabilities		( 1,057,409 )	2,056,031
		<u>6,262,325,789</u>	<u>7,037,820,824</u>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>			
General and administrative expenses	31	2,142,356,205	2,193,713,077
Commissions		1,514,922,381	1,347,938,587
Expenses from variable life fund	2	836,711,281	1,281,930,523
Insurance taxes		159,855,302	173,013,728
Investment expenses - net	28	128,269,903	138,006,437
Impairment losses on financial assets - net	8, 10, 11	27,688,936	262,140,868
Increase (decrease) in loading and cost of collection		( 2,871,685 )	52,900,184
Policyholders' dividends	22	37,492,874	31,799,577
Premium refund	2	17,156,122	15,602,622
		<u>4,861,581,319</u>	<u>5,497,045,603</u>
<b>PROFIT (LOSS) BEFORE TAX</b>		431,096,961	( 684,208,516 )
<b>TAX EXPENSE</b>	33	324,271,925	135,522,936
<b>NET PROFIT (LOSS)</b>		<u>106,825,036</u>	<u>( 819,731,452 )</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of life insurance policy reserves	2	45,053,505	( 38,474,675 )
Remeasurement of net pension liability	32	23,188,808	( 24,758,880 )
Income tax effect	33	( 5,797,203 )	6,189,720
		<u>62,445,110</u>	<u>( 57,043,835 )</u>
<b>Item that will be reclassified subsequently to profit or loss</b>			
Fair value gains (losses) on available-for-sale financial assets	10	4,145,385	( 211,858,811 )
Fair value losses related to impairment of AFS financial assets	10	-	199,015,927
		<u>4,145,385</u>	<u>( 12,842,884 )</u>
<b>Other Comprehensive Income (Loss) - Net of Tax</b>		<u>66,590,495</u>	<u>( 69,886,719 )</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<u><b>P 173,415,531</b></u>	<u><b>( P 889,618,171 )</b></u>

*See Notes to Financial Statements.*

**UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	Capital Stock	Contributed Surplus	Reserve for Fluctuation on AFS Financial Assets	Reserve for Net Pension Liability	Reserve for Life Insurance Policy	Retained Earnings		Total	Total
							Appropriated	Unappropriated		
Balance at January 1, 2025, as previously reported		P 550,000,000	P 10,000,000	( P 1,202,238,060)	( P 401,411,910)	P 1,194,735,613	P 72,917,407	P 4,089,347,177	P 4,162,264,584	P 4,313,350,227
Prior period adjustments	2	-	-	919,280,524	-	-	-	( 225,761,619)	( 225,761,619)	693,518,905
Balance after prior period adjustments		550,000,000	10,000,000	( 282,957,536)	( 401,411,910)	1,194,735,613	72,917,407	3,863,585,558	3,936,502,965	5,006,869,132
Fair value losses related to impairment on available-for-sale financial assets	2, 10	-	-	-	-	-	-	( 225,278,525)	( 225,278,525)	( 225,278,525)
Balance at January 1, 2025, as restated		550,000,000	10,000,000	(282,957,536)	(401,411,910)	1,194,735,613	72,917,407	3,638,307,033	3,711,224,440	4,781,590,607
Appropriation for policy reserves	26	-	-	-	-	-	( 2,359,569)	2,359,569	-	-
Total comprehensive income for the year		-	-	4,145,385	17,391,605	45,053,505	-	106,825,036	106,825,036	173,415,531
<b>Balance at December 31, 2025</b>	<b>26</b>	<b>P 550,000,000</b>	<b>P 10,000,000</b>	<b>( P 278,812,151)</b>	<b>( P 384,020,305)</b>	<b>P 1,239,789,118</b>	<b>P 70,557,838</b>	<b>P 3,747,491,638</b>	<b>P 3,818,049,476</b>	<b>P 4,955,006,138</b>
Balance at January 1, 2024, as previously reported		P 550,000,000	P 10,000,000	( P 990,379,249)	( P 382,842,750)	P 1,233,210,288	P 89,623,662	P 4,754,862,444	P 4,844,486,106	P 5,264,474,395
Prior period adjustments	2	-	-	720,264,597	-	-	-	( 88,251,689)	( 88,251,689)	632,012,908
Balance at January 1, 2024, as restated		550,000,000	10,000,000	( 270,114,652)	( 382,842,750)	1,233,210,288	89,623,662	4,666,610,755	4,756,234,417	5,896,487,303
Appropriation for policy reserves	26	-	-	-	-	-	(16,706,255)	16,706,255	-	-
Total comprehensive loss for the year		-	-	( 12,842,884)	( 18,569,160)	( 38,474,675)	-	(819,731,452)	(819,731,452)	(889,618,171)
<b>Balance at December 31, 2024</b>	<b>26</b>	<b>P 550,000,000</b>	<b>P 10,000,000</b>	<b>( P 282,957,536)</b>	<b>( P 401,411,910)</b>	<b>P 1,194,735,613</b>	<b>P 72,917,407</b>	<b>P 3,863,585,558</b>	<b>P 3,936,502,965</b>	<b>P 5,006,869,132</b>

*See Notes to Financial Statements.*

**UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

	Notes	2025	2024 (As Restated - see Note 2)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit (loss) before tax		<b>P 431,096,961</b>	( P 684,208,516 )
Adjustments for:			
Interest income	28	( 890,727,950 )	( 896,507,561 )
Fair value gain on investment property		( 787,930,575 )	( 74,493,405 )
Unrealized fair value losses (gains) on FVPL	9, 28	( 91,056,307 )	11,881,709
Dividend income	28	( 79,306,935 )	( 63,546,069 )
Gain on sale of available-for-sale (AFS) financial assets	10, 28	( 66,072,344 )	( 35,173,376 )
Interest expense	18, 25, 28	63,626,852	70,992,413
Impairment losses on financial assets - net	8, 11	27,688,936	262,140,868
Depreciation and amortization	31	23,044,937	119,634,627
Gain on sale of financial assets at fair value through profit or loss (FVPL)	9, 28	( 20,732,757 )	( 46,906,040 )
Unrealized foreign exchange gains - net	9, 10, 24	( 9,307,376 )	( 21,068,642 )
Gain on sale of investment properties	16, 28	( 9,065,476 )	( 38,094,083 )
Gain on sale of real estate inventories	15, 28	( 624,473 )	( 4,790,875 )
Gain on sale of property and equipment	17, 28	( 24,100 )	( 2,740,528 )
Gain on termination of lease	18	( 10,513 )	( 562,729 )
Gain on reversal of accruals	28	-	( 16,590,466 )
Gain on exchange of property	14, 16, 28	-	( 73,956,940 )
Operating loss before changes in assets and liabilities		( 1,409,401,120 )	( 1,493,989,613 )
Decrease (increase) in insurance receivables		425,122,631	( 475,473,072 )
Decrease (increase) in loans and other receivables		37,675,310	( 670,979,650 )
Decrease (increase) in reinsurance assets		( 25,020,626 )	97,250,252
Decrease (increase) in other assets		153,736,788	( 294,720,999 )
Increase (decrease) in insurance contract liabilities		( 1,091,674,469 )	1,107,905,092
Increase (decrease) in reserve for policyholders' dividends		10,782,925	( 781,697 )
Increase (decrease) in premium deposit funds		1,873,213,436	( 272,215,265 )
Decrease in insurance payables		( 4,819,379 )	( 55,304,566 )
Increase (decrease) in accounts payable and accrued expenses		( 270,828,758 )	108,257,808
Decrease in net pension liability		( 55,348,926 )	( 39,819,133 )
Increase (decrease) in other liabilities		( 19,268,116 )	2,924,526
Cash used in operations		( 375,830,304 )	( 1,986,946,317 )
Cash paid for income taxes		( 116,518,577 )	( 112,186,029 )
Interest paid		( 60,081,992 )	( 70,373,611 )
Net Cash Used in Operating Activities		( 552,430,873 )	( 2,169,505,957 )
<b>Balance forwarded</b>		<b>( P 552,430,873 )</b>	<b>( P 2,169,505,957 )</b>

	Notes	<u>2025</u>	2024 (As Restated - see Note 2)
<b>Balance carried forward</b>		( P 552,430,873 )	( P 2,169,505,957 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of:			
Financial assets at FVPL	9	( 1,504,342,813 )	( 1,316,017,515 )
AFS financial assets	10	( 3,204,911,495 )	( 1,017,767,924 )
Property and equipment	17	( 59,292,317 )	( 135,089,420 )
Intangible assets	19	( 15,365,726 )	( 5,973,276 )
Real estate inventories	15	-	( 28,887,751 )
Investment in subsidiaries	14	( 7,000,000 )	( 183,978,001 )
Investment properties	16	( 2,379,871 )	( 71,285,540 )
Proceeds from sale/maturities of:			
AFS financial assets	10	3,382,563,189	1,457,660,679
Financial assets at FVPL	9	1,079,566,909	1,798,521,970
Property and equipment	17	132,082,704	66,633,142
Real estate inventories	15	7,560,410	35,375,376
Investment properties	16	10,974,114	315,352,093
Interest received	28	890,727,950	896,507,561
Dividends received		<u>79,306,935</u>	<u>63,546,069</u>
Net Cash From Investing Activities		<u>789,489,989</u>	<u>1,874,597,463</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Repayment of lease liabilities	18	( <u>40,386,589</u> )	( <u>36,934,034</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>196,672,527</b>	<b>( 331,842,528 )</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<u>722,496,766</u>	<u>1,054,339,294</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><b>P 919,169,293</b></u>	<u><b>P 722,496,766</b></u>

**Supplemental Information on Non-cash Investing and Financing Activities –**

- 1) In 2025 and 2024, the Company recognized right-of-use assets amounting to P67.76 million and P4.44 million, respectively, with corresponding lease liabilities of the same amount each year in the statements of financial position (see Note 18).
- 2) In 2024, the Company exchanged certain investment property with carrying value of P103.02 million for P176.98 million worth of shares of Cocogen Insurance, Inc. which had been capitalized as part of Investments in subsidiaries (see Notes 14, 16, and 28).

*See Notes to Financial Statements.*

**UNITED COCONUT PLANTERS LIFE ASSURANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**  
*(Amounts in Philippine Pesos)*

**1. GENERAL INFORMATION**

**1.1 Corporate Information**

United Coconut Planters Life Assurance Corporation (the Company) was incorporated on February 16, 1966 and is domiciled in the Republic of the Philippines. The Company was formed to undertake life insurance business, including accident and health insurance; to write insurance contracts providing for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable; to grant endowment and annuities; to issue insurance policies providing for participation or nonparticipation of profits; to reinsure all or part of the risks underwritten by the Company; to undertake all kinds of reinsurance to the extent allowed by law; and, to act as agent or general agent of another insurance company.

The Company is owned by various Filipino individuals.

The Company has a Certificate of Authority No. 2025/47-R issued by the Insurance Commission (IC) to transact in life insurance business until December 31, 2027.

The Company's registered office address, which is also its principal place of business, is at Cocolife Building, 6807 Ayala Avenue, Makati City.

As of December 31, 2025 and 2024, the Company's subsidiaries (all incorporated in the Philippines), effective percentage of ownership and the nature of such components' businesses follow:

	Explanatory Notes	Percentage of Ownership	
		2025	2024
Subsidiaries:			
Cocogen Insurance, Inc. (Cocogen)	(a)	100%	100%
Cocoplans, Inc. (Cocoplans)	(b)	100%	100%
Cocolife Asset Management Company, Inc. (CAMCI)	(c)	100%	100%
Ultra Security Services, Inc. (Ultra)	(d)	100%	100%
Healthassist, Inc. (Healthassist)	(e)	100%	100%
First Metrowheels Service, Inc. (First Metrowheels)*	(f)	100%	100%
CocoConnect, Inc. (Coconnect)**	(g)	100%	100%

\*100% owned by Ultra

\*\*100% owned by Healthassist

Explanatory Notes:

- (a) Cocogen is engaged in the business of non-life insurance. The registered office address of Cocogen is located at 22<sup>nd</sup> Floor, One Corporate Center Condominium, Dona Julia Vargas Avenue, corner Meralco Avenue, Ortigas Center, San Antonio, Pasig City.
- (b) Cocoplans is engaged in pre-need business. The registered office address of Cocoplans is located at Cocolife Building, 6807 Ayala Avenue, Makati City.
- (c) CAMCI is mainly engaged in providing investment advice to customers. CAMCI's registered office address and principal place of business is located at Cocolife Building, 6807 Ayala Avenue, Makati City.
- (d) Ultra is engaged in providing security services. The registered office address of Ultra is located at Room 202-203 2<sup>nd</sup> Flr., Great Wall Bldg., 136 Yakal St., Makati City.
- (e) Healthassist provides total and integrated healthcare services, benefits management, technical and advisory services, and conducts special studies, seminars and other projects in healthcare. Healthassist's registered office address and principal place of business is located at 8<sup>th</sup> Floor, Feliza Building, 108 V.A. Rufino Street Legaspi Village, Makati City.
- (f) First Metrowheels is an armored vehicle services company which is 100% owned by Ultra. First Metrowheels' registered office address and principal place of business is located at 8003 KM 14 West Service Rd. Merville, Paranaque City.
- (g) Coconnect is the call center operations company of Cocolife and Cocogen which is 100% owned by Healthassist. Coconnect's registered office address and principal place of business is located at 7<sup>th</sup> Floor, Cocolife Building, 6807 Ayala Ave., Makati City.

***1.2 Approval of Financial Statements***

The financial statements of the Company as of and for the year ended December 31, 2025 (including the comparative financial statements as of and for the year ended December 31, 2024 and corresponding figures as of January 1, 2024) were authorized for issue by the Company's Board of Directors (BOD) on April 15, 2026.

**2. MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policy information that has been used 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.

## **2.1 Basis of Preparation of Financial Statements**

### *(a) Statement of Compliance with Philippine Financial Reporting Standards*

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

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

### *(b) Presentation of Financial Statements*

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

The Company presents a 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) Prior Period Restatements*

In 2025, the Company made prior period restatements to:

- recognize prior-period impairment of the Company's available-for-sale (AFS) financial assets, which were assessed to be impaired already prior to 2023, resulting in retrospective restatement of Reserve for Fluctuation on AFS Financial Assets and Retained Earnings - Unappropriated as of December 31, 2024 and January 1, 2024, by the amounts presented in the analysis on the succeeding page;
- reflect a change in accounting policy for its investment properties from cost model to fair value model, resulting in retrospective restatement of investment properties and related accounts such as Fair value gain on investment properties presented under Other Revenues, Retained Earnings - Unappropriated, and Deferred Tax Assets (Liabilities) - Net, as presented in the analysis on the succeeding page; and,
- reclassify properties held for or intended to be held for sale from Investment Properties to Real Estate Inventories or Foreclosed properties under Other Assets - Net to correct classification based on the nature and intended use of these properties, as presented on the succeeding page.

Further, the Company recognized fair value losses related to impairment of AFS financial assets amounting to P225.76 million directly against Retained Earnings - Unappropriated on January 1, 2025, which relates to prior year impairment of AFS financial assets sold at a loss in 2025.

Accordingly, the Company presented a third statement of financial position as of January 1, 2024, in accordance with the requirement under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

Presented below and on the succeeding pages are the analysis of the effects of the prior period adjustments in the statements of financial position as of December 31, 2024 and January 1, 2024.

<i>(Amounts in PHP)</i>	<u>As Previously Reported</u>	<u>Effect of Prior Period Adjustments</u>	<u>As Restated</u>
<u>As of December 31, 2024</u>			
<i>Change in assets:</i>			
Investment properties - net	881,695,830	321,861,187	1,203,557,017
Real estate inventories	66,636	339,309,622	339,376,258
Other assets - net	943,264,952	263,521,066	1,206,786,018
Deferred tax liabilities - net	229,861,228	<u>(231,172,970)</u>	(1,311,742)
Total adjustment to equity		<u><u>693,518,905</u></u>	
<u>As of January 1, 2024</u>			
<i>Change in assets:</i>			
Investment properties	1,022,079,250	155,218,740	1,177,297,990
Real estate inventories	1,763,386	310,421,871	312,185,257
Other assets - net	647,592,783	377,043,267	1,024,636,050
Deferred tax liabilities - net	226,506,416	<u>(210,670,970)</u>	15,835,446
Total adjustment to equity		<u><u>632,012,908</u></u>	

The effects of the prior period adjustments on the statement of comprehensive income for the year ended December 31, 2024 is presented below.

<i>(Amounts in PHP)</i>	<u>As Previously Reported</u>	<u>Effect of Prior Period Adjustments</u>	<u>As Restated</u>
<i>Change in other revenues –</i>			
Fair value gain on investment properties	-	74,493,405	74,493,405
<i>Change in operating and administrative expenses:</i>			
General and administrative expenses	2,201,227,668	(7,514,591)	2,193,713,077
Impairment losses on financial assets – net	63,124,941	199,015,927	262,140,868
<i>Change in tax expense –</i>			
Tax expense	115,020,937	20,501,999	135,522,936
<i>Change in other comprehensive income</i>			
Fair value losses related to impairment of AFS securities	-	<u>199,015,927</u>	199,015,927
Total adjustment to total comprehensive income		<u><u>61,505,997</u></u>	

The effects of the prior period adjustment on the statement of changes in equity for the year ended December 31, 2024 is presented below.

<i>(Amounts in PHP)</i>	<u>As Previously Reported</u>	<u>Effect of Prior Period Adjustments</u>	<u>As Restated</u>
<u>As of December 31, 2024</u>			
<i>Change in equity:</i>			
Reserve for fluctuation on AFS securities	(1,202,238,060)	919,280,524	(282,957,536)
Retained earnings - Unappropriated	4,089,347,177	<u>(225,761,619)</u>	3,863,585,558
Total adjustment to equity		<u><u>693,518,905</u></u>	
<u>As of January 1, 2024</u>			
<i>Change in equity:</i>			
Reserve for fluctuation on AFS securities	(990,379,249)	720,264,597	(270,114,652)
Retained earnings – Unappropriated	4,754,862,444	<u>(88,251,689)</u>	4,666,610,755
Total adjustment to equity		<u><u>632,012,908</u></u>	

The effects of the prior period adjustment on the statement of changes in cash flows for the year ended December 31, 2024 is presented below.

<i>(Amounts in PHP)</i>	As Previously Reported	Effect of Prior Period Adjustments	As Restated
<i>Change in cash flow from operating activities:</i>			
Loss before tax	(567,200,585)	(117,007,931)	(684,208,516)
Fair value gain on investment property	-	(74,493,405)	(74,493,405)
Depreciation and amortization	127,149,218	(7,514,591)	119,634,627
Impairment losses on financial assets – net	63,124,941	<u>199,015,927</u>	262,140,868
Total adjustment to cash flows from operating activities		<u><u>-</u></u>	

(d) *Functional and Presentation Currency*

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

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

**2.2 Adoption of New and Amended PFRS Accounting Standards**

(a) *Effective in 2025 that are Relevant to the Company*

The 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 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 Company’s financial statements.

- (i) PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2027). This new standard will eventually replace PFRS 4, *Insurance Contracts*. On March 10, 2025, the IC, through its Circular Letter (CL) No. 2025-04, *Application of Philippine Financial Reporting Standard 17 – Insurance Contracts (PFRS 17) in the Audited Financial Statements (AFS) and Preparation of IC Reportorial Requirements*, has deferred the implementation of PFRS 17 for life insurance and non-life insurance industry. PFRS 17 will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

A modification of the general measurement model, called the variable fee approach, is also introduced by PFRS 17 for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

In preparation for the adoption of PFRS 17, the following activities have been taken by the Company:

- complete selection of members of the PFRS 17 technical working group;
- sourcing of past actuarial models and assumptions for preparation of expected cashflows for retrospective transition approaches;
- initial model enhancements for Traditional Life and Variable Life businesses to close possible future model gaps and eliminate dependence on off-system adjustments;
- initial enhancement of assumption methodology to be more consistent with PFRS 17 requirements;
- conducting analysis to identify gaps on operational and accounting policies;
- acquisition of a risk integrity software to assist in the accounting of contracts under PFRS 17; and
- on-going assessment of the impact that application of PFRS 17 will have on the entity's financial statements in the period of application.

- (ii) PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2027). The amendments add a transition option for a classification overlay to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of PFRS 17. This amendment is applicable to the Company to annual reporting periods beginning on or after January 1, 2027 in accordance with IC CL No. 2025-04.

(iii) PFRS 9, *Financial Instruments* (issued in 2014). This new standard on financial instruments replaces PAS 39, *Financial Instruments* and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments, i.e. financial asset at amortized costs, fair value through profit or loss (FVPL), and fair value through other comprehensive income (FVOCI);
- an expected credit loss model in determining impairment of all financial assets that are not measured at FVPL, which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at FVOCI if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management opted to defer application of PFRS 9 (2014) to periods beyond January 1, 2018. Consequently, the Company continued to apply the existing requirements of PAS 39 with respect to its financial instruments.

- (iv) PFRS 4 (Amendments), *Insurance Contracts – Applying PFRS 9 with PFRS 4*, provide two options for entities that issue insurance contracts within the scope of PFRS 4:
- an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the “overlay approach”); and,
  - an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4 (the “deferral approach”).

Management exercised the second option provided by PFRS 4, effectively deferring the application of PFRS 9 to periods beyond January 1, 2018 until PFRS 17 is adopted.

- (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 new standard, however, does not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.
- (vi) 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).

### **2.3 Separate Financial Statements and Investments in Subsidiaries**

These financial statements are prepared as the Company’s separate financial statements. The Company also presents consolidated financial statements as required under PFRS Accounting Standards.

The Company’s investments in subsidiaries are accounted for in these separate financial statements at cost, less or any impairment loss (see Note 2.17).

### **2.4 Insurance Contracts**

As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that is significantly greater than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer significant financial risk and no significant insurance risk.

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

Insurance and investment contracts are further classified as being with and without Discretionary Participation Feature (DPF).

The additional benefits include policy dividends that are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included under Policyholders' Dividends account in profit or loss with the corresponding liability recognized under the Reserve for Policyholders' Dividends account in the statement of financial position (see Note 2.7).

The Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate).

Likewise, the embedded derivative in unit-linked insurance contracts linking the payments on the contract to units of an internal investment fund meets the definition of an insurance contract and is not, therefore, accounted for separately from the host insurance contract.

### ***2.5 Reinsurance Contracts Held***

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more insurance contracts are classified as reinsurance contracts held.

The benefits to which the Company is entitled under its reinsurance contracts held are recognized as Reinsurance Assets in the statement of financial position. These assets consist of short-term balances due from reinsurers, as well as long-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. 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. Liabilities arising from these contracts are primarily premiums payable and are recognized as an expense when due. These liabilities are presented under Insurance Payables account in the statement of financial position.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting period.

Ceded reinsurance arrangements do not relieve the Company from its obligations to the policyholders. The Company also assumes reinsurance risk in the normal course of its business. Premiums and claims on assumed reinsurance are recognized as income and expense in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. The liabilities arising from these contracts are primarily claims and benefits payables and estimated in a manner consistent with the associated reinsurance contracts. These liabilities are presented under Insurance Payables account in the statement of financial position.

Gains or losses on buying reinsurance, if any, are recognized in profit or loss immediately at the date of purchase and are not amortized.

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

## 2.6 Insurance Contract Liabilities

- (a) *Legal Policy Reserves* – Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. These are determined by the Company's actuary in accordance with the requirements of the amended Insurance Code (the Insurance Code) and are calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend in the operation of each life insurance product. These reserves represent the amounts which, together with future premiums and investment income, are required to discharge the obligations of the insurance contracts and to pay expenses related to the administration of those contracts. These reserves are determined using generally accepted actuarial practices and have been approved by the IC at the product approval stage.

Gross premium valuation (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 internationally accepted actuarial standards and consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines, which now considers other assumptions such as morbidity, lapse and/or persistency, non-guaranteed benefits and MfAD.

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

- (i) the increase or decrease in legal policy reserves in the current year due to other assumptions excluding change in 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.
- (b) *Insurance Contracts with Fixed and Guaranteed Terms* – A liability for contractual benefit expected to be incurred in the future is recorded when premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses less the present value of future gross premiums discounted at rates prescribed by the IC. Future cash flows are determined using best estimate assumptions with due regard to significant recent experience and appropriate MfAD from the expected experience.

The Company has different assumptions for different products. However, the reserves are computed to comply with the statutory requirements, wherein discount rates are based on risk-free discount rates and other assumptions such as mortality, disability, lapse, and expenses taken into account the Company's experience.

- (c) *Unit-linked Insurance Contracts* – A unit-linked insurance contract is an insurance contract linking payments to units of an internal investment fund set up by the Company with the consideration received from the policyholders. The liability for such contracts is the higher amount between the policyholder's investment fund balance and the minimum guaranteed amount stated in the policy contract.

Revenue from unit-linked insurance contracts consists of premiums received and policy administration fees.

The reserve for unit-linked liabilities is increased by additional deposits and changes in unit prices and decreased by policy administration fees, fund charges, mortality and surrender charges and any withdrawals. As at the reporting date, this reserve is computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying investment funds.

- (d) *Liability Adequacy Test* – Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against the Company's profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

### **2.7 Reserve for Policyholders' Dividends**

DPF is a contractual right that gives policyholders the right to receive supplementary discretionary returns through participation in the surplus arising from participating business. These returns are subject to the discretion of the Company and are within the constraints of the terms and conditions of the contract. For group commercial and farmers' lines, the Company sets up the policyholders' dividends due and accrued for all groups which have participating feature based on the agreed experience refund formula and an assessment of each individual group's prospective cash flows and operating results. For individual policyholders, all dividends due and accrued are carried for participating policies using an estimated dividend scale expected to be declared based on the Company's profit emergence for the individual line.

### **2.8 Insurance Receivables**

Insurance 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 rate (EIR) 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.

The Company's insurance receivables are composed of premiums due and uncollected, due from agents, and due from reinsurers and cedants (see Note 2.5).

Premiums due and uncollected represent the outstanding balance of premiums due from the policyholder. Recognition of premiums due and uncollected is made at each reporting date. These are usually premiums that fell due during the month of December and are therefore still within the grace period based on the Company's policy.

### **2.9 Premium Deposit Funds (PDF)**

PDF represents advance payments from policyholders provided that the maximum amount that may be held at any time in the fund should not exceed the total future premiums due under the insurance policy. In the case of a renewable policy, the maximum amount that may be held in the fund should not exceed the total premiums payable until its last renewal date. In no case shall a policyholder make any additional deposit if the existing balance thereof is already equal or greater than the sum of all future premiums payable on his policy. Subject to the provisions of the contract, any excess premium shall be refunded to the policyholders only after their policies have been paid-up. These advance payments will be credited to premiums once due.

The fund earns interest ranging from 3.00% to 6.00% per annum which is credited to the fund.

The PDF includes Fund Builder Rider which represents fund used to pay future premiums of the policy. This has peso and dollar fund where the interest on the fund shall be based on the interest rate prevailing in the market.

## ***2.10 Financial Instruments***

### *(a) Financial Assets*

#### *(i) Classification, Measurement and Reclassification of Financial Assets*

Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

#### *Loans and Receivables*

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Insurance Receivables, Loans and Other Receivables, Accrued Income, Reinsurance Assets, and Lease and leasehold deposits, Contingency fund pool and Refundable deposits (under Other Assets account) in the statement of financial position.

#### *AFS Financial Assets*

The Company's AFS financial assets include equity securities, corporate and government debt securities.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

#### *Financial Assets at Fair Value Through Profit or Loss*

The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristics of the instrument's cash flows meet the amortized cost criteria.

(ii) *Items of Income and Expense Related to Financial Assets*

All income and expenses, except for impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Investment Income or Investment Expenses account in the statement of comprehensive income. Impairment losses are presented as part of General and Administrative Expenses account in the statement of comprehensive income.

(b) *Financial Liabilities*

Financial liabilities, which include Policy and contract claims (under Insurance Contract Liabilities account), Reserve for Policyholders' Dividends, Premium Deposit Funds, Insurance Payables, Accounts Payable and Accrued Expenses, and Other Liabilities (except tax-related payables), are recognized when the Company becomes a party to the contractual terms of the instrument.

**2.11 Property and Equipment**

Property and equipment, except for land, are carried at acquisition cost less accumulated depreciation and amortization, and any impairment in value. Land is carried at cost less any impairment losses.

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

Buildings	10 years
Transportation equipment	5 years
Office furniture, fixtures and equipment	3 to 7 years

In 2025, as approved by the BOD, the Company revised the estimated useful lives of office furniture, fixtures, and equipment. The useful life of office furniture and fixtures was extended from five years to seven years, while the useful life of equipment was shortened from five years to three years. The impact of the change in accounting estimate is discussed in Note 3.2(f).

Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements of five to ten years, whichever is shorter.

**2.12 Real Estate Inventories**

Real estate inventories consist of columbarium units and other real estate properties held for sale. These are carried at the lower of cost and net realizable value (NRV).

**2.13 Investment Properties**

Investment properties are accounted for under the fair value model. They are revalued annually and are included in the statement of financial position at their market values. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment properties (see Note 6.5).

Transfers to other accounts, such as Real Estate Inventories, Property and Equipment - Net, and Foreclosed properties under Other Assets - Net, are made from investment properties when and only when there is a change in use supported by evidence. For a transfer from investment property to owner-occupied property, inventories or other assets, the cost of property for subsequent measurement is its carrying value at the date of change in use. If the property acquired by the company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy state under property and equipment up to the date of change in use.

#### ***2.14 Foreclosed Properties***

Foreclosed properties recorded as part of Other Assets – Net pertain to land, buildings and improvements acquired by the Company in settlement of loans from defaulting borrowers through foreclosure and remain subject to a redemption period. The Company applies the cost model of accounting for these assets until such time that the redemption period expires, resulting in a reclassification to real estate inventories.

#### ***2.15 Intangible Assets***

Intangible assets pertain to the Company's computer software. These costs are amortized over their estimated useful lives ranging from three to five years.

#### ***2.16 Revenue and Cost Recognition***

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

- (a) *Net Insurance Premium* – recognized as gross premium on insurance contracts less reinsurance premiums ceded.

*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.

*Reinsurance Premiums Ceded.* Gross reinsurance premiums on traditional and variable contracts are recognized as an expense when the policy becomes effective.

- (b) *Investment Income* – The Company's investment income is comprised of interest income, fair value gain (loss) of financial assets at FVPL, dividend income, rental income, gain (loss) on sale of financial assets at FVPL, AFS financial assets, loans and other receivable, and gain (loss) on sale of real estate inventories, and other non-financial assets.

*Interest Income.* Interest income arising from loans and other receivables, AFS financial assets, cash and cash equivalents, and financial assets at FVPL are recognized on an accrual basis using the effective interest method. The 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 asset or group of financial assets has been reduced due to an impairment loss, interest income should be recognized using the original EIR applied to the new carrying amount.

*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 shareholders have approved the dividend for unlisted equity securities.

*Rental Income.* Rental income from investment properties is recognized on a straight-line basis over the lease term.

*Gain (Loss) on Sale of Financial Assets at FVPL.* Gain (loss) on sale of financial assets at FVPL is calculated as the difference between net sales proceeds and the current fair value at the date of sale. Gain (loss) on the sale of financial assets at FVPL is recognized in profit or loss when the sale transaction occurred.

*Fair Value Gain (Loss) on Financial Assets at FVPL.* Fair value gains and losses from the changes in the market values of financial assets at FVPL are recognized in profit or loss at the end of the reporting period.

*Gain (Loss) on Sale of AFS Financial Assets.* Gain (loss) on the sale of AFS financial assets is calculated as the difference between net sales proceeds and acquisition cost less any impairment in value. Gain (loss) on the sale of AFS financial assets is recognized in profit or loss when the sale transaction occurred.

*Gain (Loss) on Sale of Loans and Other Receivables.* Gain (loss) on sale of loans and receivables is calculated as the difference between the net sales proceeds and amortized cost. Gain (loss) on sale of loans and other receivables is recognized in profit or loss when the sales transaction occurred.

*Gain (Loss) on Sale of Real Estate Inventories, Investment Properties, and Property and Equipment.* Revenue from the sale of real estate inventories, investment properties, and property and equipment is measured at the fair value of the consideration received or receivable less the cost of properties at the date of sale. Revenues from transactions covering sale of real estate inventories are recognized under the full accrual method. Under this method, the Company recognizes the revenue and cost from sale of real estate in full when 10% or more of the contract price is received at which point the buyer has already an equity over the real estate asset and may already occupy and use the property.

The collections relating to sale of real estate inventories which do not meet the collection threshold or full accrual recognition criteria is presented as Others as part of other liabilities account in the statement of financial position.

- (c) *Income/Expenses from Variable Life Funds* – This relates to unit-link fund movements such as deposits, withdrawals, switch-in and top-up charges and administrative expenses.
- (d) *Service Fees* – Insurance contracts of the policyholders are charged for policy administration services, surrenders and other contract fees. Fees such as withdrawal fee, cancellation fee and policy fee are recognized at point in time.
- (e) *Other Income* – Income from other sources is recognized when earned.

The Company also earns other income from reinstatement fees, which is recognized as income once the Company performed the service.

- (f) *Reinsurers' Share on Benefits and Claims*. Reinsurers' share on benefits and claims pertain to the amount recoverable from reinsurers for recognized claims during the year. These are accounted for when the corresponding claims are recognized.

*Gross Change in Insurance Contract Liabilities*. Gross change in insurance contract liabilities represents the change in the valuation of legal policy reserves under Insurance Contract Liabilities account in the statement of financial position.

*Reinsurers' Share on Gross Change in Insurance Contract Liabilities*. Reinsurers' share on gross change in insurance contract liabilities pertain to the reinsurers' share in the change of legal policy reserves. These are accounted for in the same period as the corresponding change in insurance contract liabilities.

- (g) *Operating and Administrative Expenses* – Expenses are recognized when 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.

*General and Administrative Expenses*. General and administrative expenses, underwriting expenses and other investment expenses, except for lease agreements, are recognized as expense as they are incurred.

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

*Investment Expenses*. Investment expenses pertain to the interest incurred by the Company in relation to the funds received intended for the Company's loan financing facility which is recorded as investment accounts payable under Accounts Payable and Accrued Expenses account in the statement of financial position. These are accounted for over the term of the underlying investment accounts payable (see Note 28).

*Premium Refund*. This pertains to the refunded amount by the Company when after payment of premiums by the policyholder, the Company cancels or declines the insurance application. This may also pertain to the refund of payments received in excess of the amount billed. The amount is recognized when the refund to the policyholder takes place.

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

## **2.17 Leases**

### *(a) Company as Lessee*

The 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 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.

### *(b) Company as Lessor*

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

## **2.18 Impairment of Non-financial Assets**

The Company's investments in subsidiaries, investment properties, property and equipment, right-of-use assets, intangible assets and other non-financial assets are subject to impairment testing. All 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.

## **2.19 Employee Benefits**

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

## **3. SUMMARY OF ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of the Company's financial statements in accordance with PFRS Accounting Standards requires management to make judgments and estimates that affect the 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 the circumstances. Actual results may ultimately differ from these estimates.

### **3.1 Critical Management Judgments in Applying Accounting Policies**

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

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

The lease term is reassessed if an option is actually exercised or not exercised or the 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 Company.

(b) *Determination of Significant Insurance Risk on Unit-linked Insurance Policies*

The Company has determined that the unit-linked insurance policies it issues that link the payments on the contract to units of internal investment funds has significant insurance risk and therefore meets the definition of an insurance contract and should be accounted for as such.

(c) *Impairment of AFS Financial Assets*

The Company considers that financial assets at fair value are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates other factors, including normal volatility in share price for quoted securities and the future cash flows and the discount factors for unquoted securities. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Based on the recent evaluation of information and circumstances affecting the Company's AFS financial assets, management concluded that decline in fair value of certain AFS financial assets amounting to P919.28 million are considered impairment in value as at December 31, 2024, of which P720.26 million are impairment attributable to January 1, 2024 and prior years, resulting in retrospective restatement [see Notes 2.1(c) and 10]. Future changes in these information and circumstance might significantly affect the carrying amount of the assets.

In 2025, the Company further recognized P225.28 million fair value losses against retained earnings resulting from the sale of impaired AFS financial assets (see Note 10). As at December 31, 2025, management assessed that no further impairment shall be recognized in its AFS financial assets as there were no further noted significant and prolonged decline.

(d) *Classification of Financial Instruments*

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statement of financial position. In addition, the Company classifies assets by evaluating among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

(e) *Recognition of Provisions and Contingencies*

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events (e.g., legal dispute or onerous contracts).

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 35.

(f) *Distinction Between Operating and Finance Leases where the Company is the Lessor*

The Company has entered into various lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

(g) *Distinction Between Investment Properties, Real Estate Inventories and Owner-managed Properties*

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity.

Real estate inventories, on the other hand, pertain to properties held for sale while owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

(b) *Going Concern Assumption*

When preparing financial statements, the management makes an assessment of the Company's ability to continue as a going concern. The Company prepares financial statements on a going concern basis unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. When management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, the Company discloses those uncertainties. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The degree of consideration depends on the facts in each case.

Prior to 2019, the Company's risk-based capital (RBC2) ratio fell below the mandatory level of 100% as required per CL No. 2016-68, *Amended Risk-Based Capital (RBC2) Framework*. As such noncompliance indicates existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern entity, a five-year regulatory leeway was granted by the IC to the Company, for it to build-up the Company's capital. However, for the years 2019 to 2023, the Company was able to comply with the committed RBC2 ratio as indicated on its five-year recovery program. Further, the Company's RBC ratio is at 154% and 129% in 2025 and 2024, respectively, subject to the confirmation of the IC. With this, management believes that the Company will continue as a going concern and will continue to meet the mandatory RBC2 ratio.

**3.2 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 assets and liabilities within the next reporting period:

(a) *Legal Policy Reserves*

Legal policy reserves represent estimates of present value of future benefits and expenses in excess of present value of future gross premiums. These estimates are based on interest rates, mortality/morbidity tables, lapses and valuation method subject to the provisions of the Insurance 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 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 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 Company is exposed to risk.

The 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, shown as part of Insurance Contract Liabilities account in the statements of financial position, amounted to P13.83 billion and P13.81 billion as of December 31, 2025 and 2024, respectively (see Note 21).

(b) *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 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 individual policy, the Company also issues accident and health policies and riders where the claim amounts may vary.

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

The IBNR recognized by the Company amounted to P0.99 billion and P1.33 billion as at December 31, 2025 and 2024, respectively (see Note 21).

(c) *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 Company's financial assets at FVPL and AFS financial assets and the amounts of fair value changes recognized on those assets are disclosed in Notes 9 and 10, respectively.

(d) *Impairment of Financial Assets at Amortized Cost*

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

The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts.

These factors include, but are not limited to age of balances, financial status of counterparties, payment behaviour and known market factors. The Company reviews the age and status of financial assets, and identifies accounts that are to be provided with allowance on a regular basis.

In addition to specific allowance against individually significant financial assets, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loans, receivables, and investments since it was granted or acquired.

These internal ratings take into consideration factors such as concentration risks, identified structural weaknesses and deterioration in cash flows. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income.

Impairment losses on insurance receivables and loans and other receivables amounted to P27.24 million and P62.32 million in 2025 and 2024, respectively, which are presented as part of Impairment Losses on Financial Assets – net in the statements of comprehensive income. The Company's insurance receivables, AFS financial assets, loans and other receivables, and accrued income, net of allowance for impairment losses are presented in Notes 8, 10, 11, and 12, respectively.

In addition, the Company has outstanding claims receivables from Coconut Industry Investment Fund (CIIF) farmers arising from its previous role as a major investor in CIIF. As of December 31, 2025, and 2024, these receivables, gross of allowance for impairment, amounted to P585.46 million and P575.52 million, respectively, and are presented as part of Loans and Other Receivables in the statements of financial position. Up until 2010, United Coconut Planters Bank (UCPB) Trust is the counterparty responsible for reimbursing the Company in relation to these claims. These receivables are considered dormant following the government's assumption of ownership over UCPB and CIIF Group of Companies. Given the ongoing legal issues concerning the appropriate entity against which the claim should be pursued, management believes that recovery of these amounts will need to be effected through the appropriate government agency, subject to approval under the annual General Appropriations Act. Management believes that the receivables remain collectible, as the Company intends to make representations with the legislature regarding the recovery of these claims. Accordingly, the Company has not recognized full impairment of these receivables.

(e) *NRV of Real Estate Inventories*

The Company reviews real estate inventories for probable impairment in value. Management's judgment in determining if the real estate inventories are impaired is based on the assessment of the asset's estimated net selling price.

Estimated selling price is derived for publicly available market data and historical experience, while estimated costs of disposal are basically commission expense based on historical experience.

As indicated in Note 15, management assessed that the respective net realizable values of the Company's real estate inventories are higher than their respective costs.

(f) *Estimation of Useful Lives of Investment Properties, Property and Equipment, Right-of-Use Assets and Intangible Assets*

The Company estimates the useful lives of investment properties, property and equipment, right-of-use assets and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of these assets 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. For the right-of-use assets, the Company bases the useful lives on the lease terms agreed upon in each lease contract.

Based on management's assessment as of December 31, 2025 and 2024, there is no change in the estimated useful lives of those assets during those years.

Analyses of the carrying amounts of investment properties, property and equipment, right-of-use assets and intangible assets are presented in Notes 16, 17, 18 and 19, respectively. Actual results, however, may vary due to changes in factors mentioned above.

In 2025, the Company revised the estimated useful life of office furniture and fixtures from 5 years to 7 years and equipment from 5 years to 3 years (see Note 2.11). This revision has been accounted for prospectively as a change in accounting estimate in accordance with PAS 8.

The revision resulted in a net increase in depreciation expense of P3.82 million in 2025, and the Company considers the effect to future-period depreciation to be immaterial. No similar change was made in 2024.

(g) *Impairment of Investments in Subsidiaries*

The Company assesses impairment on its investments in subsidiaries whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Among others, the factors that the Company considers important which could trigger an impairment review on its investments in subsidiaries include the following:

- deteriorating or poor financial condition;
- recurring net losses; and,
- significant changes (i.e., technological, market, economic, or legal environment in which the subsidiary operates) with an adverse effect on the subsidiary have taken place during the period, or will take place in the near future.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined based on the asset's fair value less cost to sell, which considers the estimated realizable and settlement amounts of the assets and liabilities of the subsidiary.

Based on management's assessment, the investment in Cocoplans is fully impaired as of December 31, 2025 and 2024. The carrying values of the Company's investments in subsidiaries are disclosed in Note 14.

(b) *Impairment of Non-financial Assets (Other than Investment in Subsidiaries)*

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

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

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the value in use approach. Recoverable amounts are estimated for individual assets or, if it is not possible, for cash-generating unit to which the asset belongs.

No impairment losses were necessary to be recognized on the Company's investment properties, property and equipment, intangible assets, right-of-use assets, foreclosed properties, and other non-financial assets in 2025 and 2024, based on management's assessment (see Notes 16, 17, 18, 19, and 20).

(i) *Determination of Realizable Amount of Deferred Tax Assets*

The 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 asset to be utilized. Management identified certain deferred tax assets that should be unrecognized. On the other hand, 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 of those dates is disclosed in Note 33.

(j) *Valuation of Post-employment Defined Benefit*

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions are described in Note 32.2 and include, among others, discount rates, salary increase rate and employee turnover rate. 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 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 pension obligations. In determining the appropriate discount rate, the 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 pension liability.

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

#### **4. RISK MANAGEMENT OBJECTIVES AND POLICIES**

Risks are inherent in the business activities of the 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 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 Company from events that hinder the sustainable achievement of the Company's performance objectives including failing to exploit opportunities. The Company recognizes the critical importance of having efficient and effective risk management systems in place.

##### ***4.1 Risk Management Structure and Strategies***

The Company has established a risk management function with clear terms of reference for the Company's BOD, its committees and the associated executive management committees. Further, a clear organizational structure with documented delegated authorities and responsibilities from the Company's BOD to executive management committees and senior managers has been developed. Lastly, a policy framework which sets out the risk appetite of the Company, risk management, control and business conduct standards for the 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 Company.

The BOD has approved the Company's risk management policies and meets monthly to approve any commercial, regulatory and own organization requirements in such policies. The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategy to the corporate goals and specify reporting requirement.

##### ***4.2 Insurance Risk***

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

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount.

Life insurance contracts offered by the Company mainly include whole life insurance, term insurance, endowments, unit-linked products, group, and accident and health insurance, which are described below:

- Whole life insurance and term insurance are conventional products where lump sum benefits are payable upon death of the insured.
- Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the fixed term is completed.
- Unit-linked products differ from conventional policies. In unit-linked products, a guaranteed percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.
- Group life insurance covers a defined group of people insured by the employer under a master policy agreement that is normally issued on a yearly renewable term.
- Accident and health insurance covers payment of hospital and medical expenses when sickness, accidental injury, or accidental death happened to the insured.

The main risks the Company is exposed to include:

- Mortality Risk - risk of loss arising from policyholder death experience being different than expected.
- Morbidity Risk - risk of loss arising from policyholder health experience being different than expected.
- Expense Risk - risk of loss arising from expense experience being different than expected.
- Policyholder Decision Risk - risk of loss arising from policyholder experience (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured, type of risk insured and by industry insured by the Company. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company's underwriting strategy is designated to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry 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 strategy is in place to enforce appropriate risk selection criteria.

There has been no change to the Company's exposure to insurance risks or the manner in which it manages and measures the risks since prior reporting period.

*Concentration of Insurance Risk*

The table below sets out the Company's concentration of insurance risk based on the sum assured:

<i>(Amounts in PHP)</i>	2025		2024	
	Number of Policies	Sum Assured	Number of Policies	Sum Assured
Endowment	31,356	7,640,336,690	33,518	8,233,907,280
Whole life	18,993	6,731,661,334	19,636	6,930,370,342
Accident and health	15,125	151,813,872,965	17,412	89,949,693,637
Variable/unit-linked	18,809	10,702,298,727	17,230	10,103,537,867
Term	10,564	2,764,955,978	10,704	2,694,784,379
Group	2,749	506,020,610,646	2,640	442,534,192,133
	<b>97,596</b>	<b>685,673,736,340</b>	<b>101,140</b>	<b>560,446,485,638</b>

The table below sets out the concentration of life insurance liabilities by type of contract, at gross and net of reinsurance (see Notes 13 and 21)

<i>(Amounts in PHP)</i>	2025			2024		
	Gross Legal Policy Reserves	Reinsurers' Share on Liabilities	Net Legal Policy Reserves	Gross Legal Policy Reserves	Reinsurers' Share on Liabilities	Net Legal Policy Reserves
Variable life	4,944,633,855	-	4,944,633,855	4,582,473,722	-	4,582,473,722
Endowment	4,622,799,133	861,874	4,621,937,259	4,490,943,514	1,107,933	4,489,835,581
Whole life	2,449,051,949	6,072,510	2,442,979,439	2,412,265,236	7,898,392	2,404,366,844
Accident and health	824,966,916	-	824,966,916	1,678,418,107	-	1,678,418,107
Group life	571,702,765	-	571,702,765	290,629,430	-	290,629,430
Term	417,862,771	3,485,985	414,376,786	360,002,653	2,471,453	357,531,200
	<b>13,831,017,389</b>	<b>10,420,369</b>	<b>13,820,597,020</b>	<b>13,814,732,662</b>	<b>11,477,778</b>	<b>13,803,254,884</b>

The tables below set out the concentration of life insurance liabilities with and without DPF, at gross and net of reinsurance (see Notes 13 and 21).

<i>(Amounts in PHP)</i>	Gross Legal Policy Reserves	Reinsurers' Share on Liabilities	Net Policy Reserves
<b>2025</b>			
With fixed and guaranteed terms			
Fixed and guaranteed – non-participating	6,764,552,843	(5,515,747)	6,759,037,096
Partially fixed and guaranteed – participating	2,121,830,691	(4,904,622)	2,116,926,069
Unit-linked	4,944,633,855	-	4,944,633,855
Total insurance liabilities	<b>13,831,017,389</b>	<b>(10,420,369)</b>	<b>13,820,597,020</b>
<b>2024</b>			
With fixed and guaranteed terms			
Fixed and guaranteed – non-participating	7,138,105,920	(5,198,990)	7,132,906,930
Partially fixed and guaranteed – participating	2,094,153,020	(6,278,788)	2,087,874,232
Unit-linked	4,582,473,722	-	4,582,473,722
Total insurance liabilities	<b>13,814,732,662</b>	<b>(11,477,778)</b>	<b>13,803,254,884</b>

*Classification by Attained Age (Based on 2025 and 2024 Data of In-force Policies)*

The tables below present the concentration of risk by attained age on whole life, endowment, term insurance policy contracts and variable/unit-linked. For individual insurance, exposure is concentrated on age brackets 40-44 in 2025 and 2024.

<i>(Amounts in PHP)</i>	Gross of Reinsurance		Net Reinsurance	
	Exposure	Concentration (%)	Exposure	Concentration (%)
<b>2025</b>				
<20	2,607,945,672	9.4	2,473,198,511	9.7
20 - 24	1,477,427,344	5.3	1,375,183,529	5.4
25 - 29	2,078,748,006	7.5	1,975,900,112	7.7
30 - 34	3,086,476,205	11.1	2,893,528,671	11.3
35 - 39	3,606,528,321	13.0	3,368,685,886	13.2
40 - 44	3,752,571,307	13.5	3,373,771,775	13.2
45 - 49	3,422,136,327	12.3	3,063,446,636	12.0
50 - 54	2,615,028,622	9.4	2,357,864,202	9.2
55 - 59	2,019,501,590	7.2	1,801,765,041	7.0
60 - 64	1,353,311,099	4.8	1,240,820,077	4.8
65 - 69	974,724,072	3.5	872,437,312	3.4
70 - 74	539,154,031	1.9	503,109,722	2.0
75 - 79	215,880,510	0.8	196,059,298	0.8
80 +	89,819,423	0.3	85,436,945	0.3
	<b>27,839,252,529</b>	<b>100</b>	<b>25,581,207,717</b>	<b>100</b>
<b>2024</b>				
<20	2,823,827,095	10.1	2,729,029,697	10.5
20 - 24	1,488,403,693	5.3	1,411,650,436	5.4
25 - 29	2,282,371,213	8.2	2,204,493,614	8.5
30 - 34	3,276,785,094	11.7	3,123,909,590	12.0
35 - 39	3,549,822,155	12.7	3,369,443,279	13.0
40 - 44	3,755,347,846	13.4	3,367,146,794	13.0
45 - 49	3,428,615,437	12.4	3,035,450,609	11.7
50 - 54	2,466,481,241	8.8	2,296,037,536	8.8
55 - 59	1,910,911,775	6.8	1,676,150,713	6.5
60 - 64	1,349,740,405	4.8	1,252,283,678	4.8
65 - 69	843,035,597	3.0	754,224,805	2.9
70 - 74	539,336,988	1.9	506,764,480	2.0
75 - 79	166,938,687	0.6	150,228,093	0.6
80 +	80,982,693	0.3	76,340,977	0.3
	<b>27,962,599,919</b>	<b>100</b>	<b>25,953,154,301</b>	<b>100</b>

The table below presents the concentration of risk by business type for group insurance.

<i>(Amounts in PHP)</i>	2025		2024	
	Exposure	Concentration	Exposure	Concentration
Business Type	'000	(%)	'000	(%)
Employer-employee association benefit	220,736,973	43.6	200,467,071	45.30
Compulsory migrant workers insurance	150,759,312	29.8	144,338,893	32.62
Credit life insurance	93,348,760	18.5	59,269,254	13.39
Microinsurance	28,589,703	5.6	27,615,638	6.24
Reinsurance assumed	11,712,872	2.3	10,314,005	2.33
Pre-need planholders	872,991	0.2	529,332	0.12
	<b>506,020,611</b>	<b>100</b>	<b>442,534,193</b>	<b>100</b>

The table below presents the concentration of risk by industry type for accident and health insurance.

<i>(Amounts in PHP)</i>	2025		2024	
	Net Reinsurance		Net Reinsurance	
	Exposure	Concentration	Exposure	Concentration
Industry Type	‘000	(%)	‘000	(%)
I. Accident	<b>143,108,858</b>	<b>100</b>	71,411,434	100
II. Health				
Business process				
outsourcing	1,686,475	19.4	8,736,225	47.4
Government agencies	2,692,845	30.9	2,591,150	14.1
Services/distribution	2,119,695	24.4	3,305,990	17.9
Manufacturing	760,285	8.7	1,393,600	7.6
Shipping	511,790	5.9	986,550	5.3
Real estate	104,305	1.2	478,540	2.6
Banking/ financials	149,290	1.7	501,860	2.7
Non-profit association	641,990	7.4	306,910	1.7
Learning institutions	19,000	0.2	85,860	0.5
Hotel	19,340	0.2	40,405	0.2
	<b>8,705,015</b>	<b>100</b>	18,427,090	100
	<b>151,813,873</b>	<b>100</b>	89,838,524	100

*Source of Uncertainty in the Estimation of Future Claim Payment*

Estimation of future payments and premium receipts is subject to unpredictability of changes in mortality and morbidity levels. The Company adopts standard industry data in assessing future benefit payments and premium receipts as approved by IC. Adjustments are made, if necessary, according to the experience of the Company.

For individual life insurance, no adjustment is made by the Company to the standard mortality table. For group life, accident and health insurance, the mortality table is adjusted to reflect the Company’s actual and projected experiences which are given weights or credibility depending on the amount and length of exposure under consideration. The Company currently monitors its actual experience on individual business, on a per policy basis and on an aggregate basis, and reporting the same to management.

The liability for these contracts comprises the IBNR provision and a provision for unexpired risk at the end of reporting period. The IBNR provision is based on historical experience and is subject to a degree of uncertainty.

*Key Assumptions*

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of the Insurance Code and guidelines set by IC.

For insurance contracts, the Company determines the assumptions in relation to future deaths, illness or injury and investment returns at inception of the contract. Subsequently, new estimates are developed at each reporting date and liabilities are tested to determine whether such liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, assumptions are altered to reflect the latest current estimates. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant deteriorations in estimates have an impact.

The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are as follows:

- *Mortality and Morbidity Rates*

Assumptions are based on standard industry and national mortality and morbidity tables, according to the type of contract written and which may be adjusted where appropriate to reflect the Company's own experience. Assumptions are differentiated by age, underwriting class and contract type.

An increase in mortality and morbidity rates would lead to a larger number of claims and claims occurring sooner than anticipated, increasing the expenditure and generally reducing profits for the shareholders.

- *Discount Rate*

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. The weighted average rate of return is derived based on model portfolio that is assumed to back up liabilities, consistent with the long-term assets allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. Interest rates used for estimating liabilities is approved by the Insurance Commissioner.

An increase in investment return would lead to an increase in profits for the shareholders. A decrease in the discount rate will increase the value of the liability. As required by the Insurance Code, lapse, surrender and expense assumptions are not factored in the computation of the insurance contract liabilities.

As part of the Company's investment strategy, in order to reduce both insurance and financial risks, the Company matches its investments to the liabilities arising from insurance, by reference to the type of benefits payable to the policyholders.

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

	Increase (Decrease)			
	Mortality/Morbidity		Discount Rate	
	110% of Original Mortality Table	90% of Original Mortality Table	Original Valuation Interest Rate +1%	Original Valuation Interest Rate -1%
<i>(Amounts in PHP)</i>				
<b>2025</b>				
Net liabilities	196,298,654	(192,820,600)	(674,721,088)	831,622,860
Income before tax	(196,298,654)	192,820,600	674,721,088	(831,622,860)
Equity	(147,223,991)	144,615,450	506,040,816	(623,717,145)
<b>2024</b>				
Net liabilities	241,856,891	(243,006,625)	(683,594,550)	844,484,689
Income before tax	(241,856,891)	243,006,625	683,594,550	(844,484,689)
Equity	(181,392,668)	182,254,969	512,695,813	(512,695,913)

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

### 4.3 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 which will have premium receipts in the future, that is, the investment of those future premium 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 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 Company invests in equities for various reasons, including diversifying its overall exposure to equity price risk. AFS financial assets are subject to declines in fair value. Generally, insurance regulations restrict the type of assets in which an insurance company may invest.

The Company uses asset-liability matching (ALM) as a management tool to determine the composition of the invested assets and appropriate investment and marketing strategies. As part of these strategies, the 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.

#### **4.4 Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

- A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Investment Committee. The policy is regularly reviewed for pertinence and for changes in the risk;
- Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segments (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held);
- Reinsurance is placed with highly rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment;
- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long term credit ratings; and,
- The credit risk in respect of customer balances which are incurred on nonpayment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry or when the policy is either paid up or terminated. Commissions paid to intermediaries are offset against any amounts due to reduce the risk of non-collection.

Except for mortgage loans, collateral loans, installment contract receivable, policy loans, and guaranteed loans (presented as part of Note receivable under Loans and Other Receivables), the maximum exposure to credit risk of all financial assets is equal to their carrying amounts.

Policy loans are secured by the cash surrender values on the related policies. The Company grants policy loans up to the extent of the cash surrender values accumulated on the latest policy anniversary dates. The Company is not exposed to credit risk with respect to policy loans.

The table below shows the financial effect of the collateral or credit enhancement to the Company's maximum credit risk as at December 31, 2025 and 2024.

<i>(Amounts in PHP)</i>	<u>Gross Maximum</u>	<u>Fair Value of Collateral or Credit Enhancement</u>	<u>Net Exposure</u>	<u>Financial Effect of Collateral or Credit Enhancement</u>
<b>2025</b>				
Mortgage loans	1,306,020,855	2,057,095,485	-	1,306,020,855
Installment contract receivables	117,402,639	195,290,279	-	117,402,639
Collateral loans	<u>16,179,866</u>	<u>16,179,867</u>	-	<u>16,179,866</u>
	<u><b>1,439,603,360</b></u>	<u><b>2,268,565,631</b></u>	<u>-</u>	<u><b>1,439,603,360</b></u>
<b>2024</b>				
Mortgage loans	1,533,693,859	2,038,443,918	-	1,533,693,859
Installment contract receivables	133,410,018	200,881,167	-	133,410,018
Collateral loans	<u>19,812,542</u>	<u>274,603,695</u>	-	<u>19,812,542</u>
	<u><b>1,686,916,419</b></u>	<u><b>2,513,928,780</b></u>	<u>-</u>	<u><b>1,686,916,419</b></u>

The Company's concentration of credit risk arises from loans and other receivables since the said financial instruments amounted to P4.46 billion and P4.51 billion as of December 31, 2025 and 2024, respectively, which is equivalent to 23.6% and 24.2% of its total financial assets as at December 31, 2025 and 2024, respectively.

The table below and in the succeeding page provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties, gross of any allowance for impairment.

<i>(Amounts in PHP)</i>	<u>Neither Past Due nor Impaired</u>				<u>Past Due and Impaired</u>	<u>Total</u>
	<u>Investment Grade</u>	<u>Non- Investment Grade – Satisfactory</u>	<u>Non- Investment Grade – Unsatisfactory</u>	<u>Past Due But not Impaired</u>		
<b>2025</b>						
Cash and cash equivalents*	913,987,443	-	-	-	-	913,987,443
Insurance receivables						
Premiums due and uncollected	-	998,247,605	-	-	315,556,319	1,313,803,924
Due from agents	-	91,882,565	-	-	17,272,234	109,154,799
Financial assets at FVPL						
Debt securities	2,243,588,002	-	-	-	-	2,243,588,002
AFS financial assets						
Debt securities	7,548,059,174	-	-	-	-	7,548,059,174
Loans and other receivables						
Mortgage loans	1,169,217,549	-	-	132,449,021	4,354,285	1,306,020,855
Policy loans	457,343,645	-	-	-	-	457,343,645
Health management organization (HMO) billback	404,757,581	-	-	-	193,935,232	598,692,813
Advances to officers and employees	79,355,935	-	-	-	424,364	79,780,299
Collateral loans	12,835,861	-	-	113,376	3,230,629	16,179,866
Investment accounts receivable	20,988,447	1,532,685	1,526,535	264,051,515	4,766,372	292,865,554
Claims receivable – farmers and group	-	522,139,494	-	-	74,508,525	596,648,019
Notes receivable	61,702,767	869,333	62,197,133	1,018,041,972	227,177,027	1,369,988,232
Installment contracts receivables	107,263,284	-	6,315,825	3,823,530	-	117,402,639
Other receivables	134,785,025	-	-	-	2,229,341	137,014,366
Accrued income	139,991,422	-	-	1,021,365	245,494	141,258,281
Reinsurance assets**	37,036,421	-	-	-	-	37,036,421
Other assets***	<u>73,919,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,919,226</u>
	<u><b>13,404,831,782</b></u>	<u><b>1,614,671,682</b></u>	<u><b>70,039,493</b></u>	<u><b>1,419,500,779</b></u>	<u><b>843,699,822</b></u>	<u><b>17,352,743,558</b></u>

\* Excluding cash on hand.

\*\* Reinsurance recoverable on unpaid losses.

\*\*\* Pertains to lease and leasehold deposits, contingency fund pool and refundable deposits.

(Amounts in PHP)	Neither Past Due nor Impaired					Total
	Investment Grade	Non-Investment Grade – Satisfactory	Non-Investment Grade – Unsatisfactory	Past Due But not Impaired	Past Due and Impaired	
<b>2024</b>						
Cash and cash equivalents*	717,173,602	-	-	-	-	717,173,602
Insurance receivables						
Premiums due and uncollected	-	1,444,153,289	-	-	293,045,415	1,737,198,704
Due from agents	-	93,610,417	-	-	17,272,233	110,882,650
Financial assets at FVPL						
Debt securities	2,265,913,394	-	-	-	-	2,265,913,394
AFS financial assets						
Debt securities	6,635,739,820	-	-	-	-	6,635,739,820
Loans and other receivables						
Mortgage loans	1,523,682,266	4,436,506	-	2,953,972	2,621,115	1,533,693,859
Policy loans	439,743,592	-	-	-	-	439,743,592
Health management organization (HMO) billback	428,047,895	-	-	-	193,935,232	621,983,127
Advances to officers and employees	86,441,419	-	-	-	424,364	86,865,783
Collateral loans	14,582,600	-	-	147,600	5,082,342	19,812,542
Investment accounts receivable	88,133,682	42,606	5,019,154	164,583,459	4,766,372	262,545,273
Claims receivable – farmers and group	-	503,779,539	-	-	74,508,525	578,288,064
Notes receivable	3,489,458	3,055,333	3,290,778	958,917,252	260,472,771	1,229,225,592
Installment contracts receivables	119,251,644	-	-	-	14,158,374	133,410,018
Other receivables	157,350,234	-	-	-	2,229,341	159,579,575
Accrued income	127,119,561	-	-	-	245,493	127,365,054
Reinsurance assets**	10,958,386	-	-	-	-	10,958,386
Other assets***	68,129,695	-	-	-	-	68,129,695
	<b>12,685,757,248</b>	<b>2,049,077,690</b>	<b>8,309,932</b>	<b>1,126,602,283</b>	<b>868,761,577</b>	<b>16,738,508,730</b>

\* Excluding cash on hand.

\*\* Reinsurance recoverable on unpaid losses.

\*\*\* Pertains to lease and leasehold deposits, contingency fund pool and refundable deposits.

The Company uses an internal credit rating concept based on the borrowers' and counterparties' overall credit worthiness as follows:

*Investment Grade* – Rating given to borrowers and counterparties who have very strong capacity to meet their obligations.

*Non-investment Grade – satisfactory* – Rating given to borrowers and counterparties whose outstanding obligation is within the acceptable age of group.

*Non-investment Grade – unsatisfactory* – Rating given to borrowers and counterparties whose outstanding obligation is nearing to be past due or impaired.

An allowance for impairment is set up in the Company's statement of financial position for assets classified as past due and impaired. Financial assets are considered as past due and impaired when the contractual payments are in arrears by 180 days and the amount is not adequately secured. When contractual payments are in arrears, more than 180 days but adequately secured, financial assets are classified as 'past due but not impaired' with no recorded allowance for impairment.

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained for securities lending and for cash purposes. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The related fair value of the collateral for the above past due and impaired assets amounted to P240.45 million and P297.40 million in 2025 and 2024, respectively. Total amount of past due and impaired assets with collateral is P231.53 million and P269.70 million for 2025 and 2024, respectively.

#### 4.5 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

- a liquidity risk policy setting out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Investment Committee. The policy is regularly reviewed for pertinence and for changes in the risk environment;
- set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations; and,
- setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The table below summarizes the maturity profile of the Company's financial liabilities (except lease liabilities – see Note 18) based on contractual undiscounted payment or on the estimated timing of net cash flows as at December 31, 2025 and 2024 (amounts in thousands):

<i>(Amounts in PHP)</i>	<b>Less than One Year</b>	<b>One to Five Years</b>	<b>Over Five Years</b>	<b>No Term/ 1- 90 days</b>	<b>Total</b>
<b><u>2025</u></b>					
Policy and contract claims	1,793,382	-	-	-	1,793,382
Reserve for policyholders' dividends	250,193	-	-	-	250,193
Premium deposits funds	-	-	-	2,203,873	2,203,873
Insurance payables	74,421	-	-	-	74,421
Accounts payable and accrued expenses	<u>879,558</u>	-	-	-	<u>879,558</u>
	<u>2,997,554</u>	-	-	<u>2,203,873</u>	<u>5,201,427</u>
<b><u>2024</u></b>					
Policy and contract claims	2,946,395	-	-	-	2,946,395
Reserve for policyholders' dividends	239,410	-	-	-	239,410
Premium deposits funds	-	-	-	330,660	330,660
Insurance payables	79,142	-	-	-	79,142
Accounts payable and accrued expenses	<u>1,150,387</u>	-	-	-	<u>1,150,387</u>
	<u>4,415,334</u>	-	-	<u>330,660</u>	<u>4,745,994</u>

It is unusual for a company primarily engaged in insurance business to predict its funding requirements with absolute certainty as theory of probability is applied on insurance contracts to determine the likely provision and the time period when such liabilities will require settlement. Thus, the amounts and maturities in respect of insurance liabilities are based on management's best estimate using statistical techniques and data on past experience.

#### **4.6 Market Risk**

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

The following policies and procedures are in place to mitigate the Company's exposures to market risk:

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's Investment Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Asset allocation and portfolio limit structure are set to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and market value appreciation for policyholders in line with their expectations.
- Stipulated diversification benchmarks are arranged by type of instrument of the Company.

#### **4.7 Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Philippine peso and its foreign exchange risk arises primarily with respect to the transactions denominated in U.S. dollar, where some of its products are denominated. The Company's financial assets are primarily denominated in the same currency as its insurance contracts, which mitigate the foreign exchange rate risk. Thus, the main foreign exchange risk arises from recognized financial assets and financial liabilities denominated in currency other than in which the insurance contracts are expected to be settled.

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

	<u>USD</u>	<u>PHP</u>
<b><u>December 31, 2025</u></b>		
Assets:		
Cash and cash equivalents	3,499,184	165,826,854
Financial assets at FVPL	4,589,225	269,800,560
AFS financial assets	5,085,116	298,953,940
Accrued income	161,134	9,473,090
	<u>13,334,659</u>	<u>744,054,444</u>
Liability –		
Insurance contract liabilities	<u>3,706,348</u>	<u>217,896,223</u>
	<u><u>9,628,311</u></u>	<u><u>526,158,221</u></u>
 <u>December 31, 2024</u>		
Assets:		
Cash and cash equivalents	2,378,665	56,804,720
Financial assets at FVPL	5,107,527	295,444,889
AFS financial assets	5,174,241	299,303,971
Accrued income	180,598	10,446,679
	<u>12,841,031</u>	<u>662,000,259</u>
Liability –		
Insurance contract liabilities	<u>3,316,156</u>	<u>191,823,032</u>
	<u><u>9,524,875</u></u>	<u><u>470,177,227</u></u>

In translating the foreign currency-denominated assets and liabilities, the exchange rates used were P58.79 to USD1.00 and P57.85 to USD1.00, the PHP-USD prevailing exchange rates as at December 31, 2025 and 2024, respectively.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on income before income tax.

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

The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact, key changes had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

<i>(Amounts in PHP)</i>	<u>2025</u>		<u>2024</u>	
Change in variables	<u>16.82%</u>	<u>(16.82%)</u>	<u>18.48%</u>	<u>(18.48%)</u>
Increase (decrease) on income before income tax	<u>88,502,906</u>	<u>(88,502,906)</u>	157,779,723	(157,779,723)
Increase (decrease) on equity	<u>66,377,180</u>	<u>(66,377,180)</u>	118,334,792	(118,334,792)

#### 4.8 Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. The Company's fixed rate investments classified as AFS financial assets and financial assets at FVPL are particularly exposed to such risk.

The Company's investment policy requires it to buy and hold fixed-rate AFS financial assets and financial assets at FVPL, unless the need to sell arises, and to reduce the duration gap between financial assets and financial liabilities to minimize interest rate risk.

The analysis below is performed for reasonably possible movements in interest rates with all other variables held constant, showing the impact on equity.

<i>(Amounts in PHP)</i>	<u>Change in Variables</u>	<u>Increase in on Equity</u>	<u>Decrease in on Equity</u>
<b><u>December 31, 2025</u></b>			
In Philippine pesos	+/- 0.81%	70,207,695	(70,207,695)
In U.S. dollars	+/- 0.77%	3,284,557	(3,284,557)
 <u>December 31, 2024</u>			
In Philippine pesos	+/- 1.19%	101,009,307	(101,009,307)
In U.S. dollars	+/- 1.29%	5,754,195	(5,754,195)

In 2025 and 2024, the Company determined the reasonably possible change in interest rates using the percentage changes in weighted average yield rates of outstanding securities for the past two years.

#### 4.9 Equity Price Risk

The Company's equity price risk exposure at year-end relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as financial assets at FVPL and AFS financial assets.

The Company's price risk relates to financial assets whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit-linked business.

The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

For equity securities listed in the Philippines and golf club shares, an average volatility of 19.28% and 23.48% has been observed during 2025 and 2024, respectively. If the quoted price of these securities increased or decreased by that amount, profit before tax would have been changed by P369.37 million and P317.58 million, respectively.

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

## 5. CAPITAL MANAGEMENT

### 5.1 Regulatory Framework

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

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions, net worth requirements, and RBC requirements to minimize the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise. The Company's capital includes capital stock, contributed surplus and retained earnings.

The 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 margins.

The Company manages its capital requirements by complying with requirements and limitations enforced by the IC, by maintaining profitability of the business and by aligning the Company's operational strategy to its corporate goals.

The Company's primary capital management objectives are to ensure its ability to continue as a going concern in order to fulfill the Company's mission and vision and to provide adequate return to shareholders [see Note 3.1(h)].

The Company manages its capital structure in light of changes in the economic conditions and the risk characteristics of its activities. The 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.

### 5.2 Net Worth Requirements

Under the Insurance Code, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

<u>Compliance Date</u>	<i>(Amounts in PHP)</i> <u>Net Worth</u>
On or before June 30, 2013	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 Company has complied with the net worth requirements based on its internal computation.

### **5.3 RBC Requirements**

Insurance Memorandum No. 6-2006 provides for the RBC framework for the life insurance industry to establish the required amounts of capital to be maintained by the companies in relation to their investments and insurance risks. Every life insurance company is required annually to maintain a minimum RBC ratio of one hundred (100%) and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to corresponding regulatory intervention which has been defined at various levels.

The RBC ratio shall be calculated as net worth divided by the RBC requirement. Net worth shall include an insurance company's paid-up capital, contributed surplus and retained earnings. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC. RBC requirement shall be computed based on the formula provided in the Circular and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

Every life insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test fails if:

- a. the RBC ratio is less than 125% but is not below 100%
- b. the RBC ratio has decreased over the past year
- c. the difference between 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 company to the corresponding regulatory intervention which has been defined at various levels.

In 2016, the IC issued CL No. 2016-68, 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 the circular. The RBC ratio of an insurance 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 97.50% level in 2018, 99.50% in 2019.

IC CL No. 2018-19, *Amendment to CL no. 2016-69 "Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework"*, provides guidelines on disclosure of MfAD. The amendment states that MfAD shall be company-specific. The companies shall submit to the IC the documents and certification signed by an IC-accredited actuary to support the computation of their MfAD.

In 2020, IC issued CL No. 2020-60, *Regulatory Relief on Net Worth Requirements and Guidelines on the Implementation of Amended Risk-Based Capital (RBC2) Framework for Calendar Year 2020* and CL No. 2020-103, *Amendment to Section 1 of CL No. 2020-60 dated May 15, 2020*, on the regulatory relief to reduce the RBC requirement for 2020.

The RBC2 ratio under the prevailing standard as at December 31, 2025 and 2024 is 154.91% and 129.04% respectively. The final RBC ratio can be determined only after the accounts of the Company have been examined by the IC.

The information below shows the RBC2 ratios determined by the Company as at December 31, 2025 and 2024.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Total available capital	<b>4,979,826,418</b>	4,286,776,356
RBC requirement	<b>3,214,639,471</b>	3,322,153,965
	<b><u>154.91%</u></b>	<u>129.04%</u>

As at December 31, 2025 and 2024, the amounts of non-admitted assets, as defined under the Insurance Code, which are included in the statements of financial position, are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Loans and receivables	<b>544,375,198</b>	608,798,877
Equity securities and other investments	<b>5,995,000</b>	3,297,000
Premiums due and uncollected	<b>845,394,049</b>	989,362,674
Property and equipment	<b>231,521,161</b>	204,368,253
Investment property	<b>278,586</b>	-
Other assets and receivables	<b>478,791,407</b>	1,014,161,268
	<b><u>2,106,355,401</u></b>	<u>2,819,988,072</u>

#### ***5.4 Limitation on Dividend Declaration***

Section 195 of the Insurance Code provides that a domestic life insurance company shall declare or distribute dividends on its outstanding stock only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- RBC ratio;
- the legal reserve fund required; and,
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

The Company is required to report such dividend declaration or distribution to the IC within 30 days from the date of such declaration.

There were no dividends declared by the Company in 2025 and 2024.

6. **CATEGORIES, FAIR VALUE MEASUREMENT AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

**6.1 Comparison of Carrying Amounts and Fair Values**

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are shown below (amounts in thousands).

<i>(Amounts in PHP)</i>	Classes		Carrying Amount	Fair Value
	At Amortized Cost	At Fair Value		
<b>December 31, 2025</b>				
<b><i>Financial Assets</i></b>				
At amortized cost:				
Cash and cash equivalents	919,169	-	919,169	919,169
Insurance receivables	1,090,130	-	1,090,130	1,090,130
Loans and other receivables	4,464,541	-	4,464,541	4,971,936
Accrued income	141,258	-	141,258	141,258
Reinsurance assets	47,457	-	47,457	47,457
Other assets	73,919	-	73,919	73,919
At fair value:				
Financial assets at FVPL	-	4,159,177	4,159,177	4,159,177
AFS financial assets	-	7,966,399	7,966,399	7,966,399
	<b>6,736,474</b>	<b>12,125,576</b>	<b>18,862,050</b>	<b>19,369,445</b>
<b><i>Financial Liabilities</i></b>				
At amortized cost:				
Policy and contract claims	1,793,382	-	1,793,382	1,793,382
Reserve for policyholders'				
Dividends	250,193	-	250,193	250,193
Premium deposit funds	2,203,873	-	2,203,873	2,203,873
Insurance payables	74,421	-	74,421	74,421
Accounts payable and accrued expenses	879,558	-	879,558	879,558
Lease liabilities	52,827	-	52,827	52,827
	<b>5,254,254</b>	<b>-</b>	<b>5,254,254</b>	<b>5,254,254</b>

(Amounts in PHP)	Classes		Carrying Amount	Fair Value
	At Amortized Cost	At Fair Value		
<b>December 31, 2024</b>				
<i>Financial Assets</i>				
At amortized cost:				
Cash and cash equivalents	722,497	-	722,497	722,497
Insurance receivables	1,537,764	-	1,537,764	1,537,764
Loans and other receivable	4,506,949	-	4,506,949	4,241,875
Accrued income	127,365	-	127,365	127,365
Reinsurance assets	22,436	-	22,436	22,436
Other assets	68,130	-	68,130	68,130
At fair value:				
Financial assets at FVPL	-	3,618,478	3,618,478	3,618,478
AFS financial assets	-	8,293,840	8,293,840	8,293,840
	<u>6,985,141</u>	<u>11,912,318</u>	<u>18,897,459</u>	<u>18,632,385</u>
<i>Financial Liabilities</i>				
At amortized cost:				
Policy and contract claims	2,946,395	-	2,946,395	2,946,395
Reserve for policyholders' dividends	239,410	-	239,410	239,410
Premium deposit funds	330,660	-	330,660	330,660
Insurance payables	79,142	-	79,142	79,142
Accounts payable and accrued expenses	1,150,387	-	1,150,387	1,150,387
Lease liabilities	22,239	-	22,239	22,239
	<u>4,768,233</u>	<u>-</u>	<u>4,768,233</u>	<u>4,768,233</u>

## 6.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, 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;
- 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 financial 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 investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market 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 Company uses valuation technique, 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.

### 6.3 Financial Instruments Measured at Fair Value

The financial assets and financial liabilities measured at fair value in the statements of financial position as of December 31, 2025 and 2024 are grouped into the fair value hierarchy as presented below (in thousands):

<u>(Amounts in PHP)</u>	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2025</b>					
Financial assets at FVPL:	9				
Government debt securities		1,045,573	-	-	1,045,573
Equity securities		1,885,039	-	-	1,885,039
Corporate debt securities		1,198,015	-	-	1,198,015
Equity investments designated as financial assets at FVPL		-	30,550	-	30,550
AFS financial assets:	10				
Debt securities		7,548,059	-	-	7,548,059
Equity securities		418,340	-	-	418,340
		<u>12,095,026</u>	<u>30,550</u>	<u>-</u>	<u>12,125,576</u>
<b>December 31, 2024</b>					
Financial assets at FVPL:	9				
Government debt securities		1,589,399	-	-	1,589,399
Equity securities		1,331,514	-	-	1,331,514
Corporate debt securities		676,515	-	-	676,515
Equity investments designated as financial assets at FVPL		-	21,050	-	21,050
AFS financial assets:	10				
Debt securities		6,635,740	-	-	6,635,740
Equity securities		1,658,101	-	-	1,658,101
		<u>11,891,269</u>	<u>21,050</u>	<u>-</u>	<u>11,912,319</u>

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

#### 6.4 *Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed*

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (amounts in thousands).

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>December 31, 2025</b>					
<i>Financial assets</i>					
Cash and cash equivalents	7	919,169	-	-	919,169
Insurance receivables	8	-	-	1,090,130	1,090,130
Loans and other receivables	11	-	-	4,971,936	4,971,936
Accrued income	12	-	-	141,258	141,258
Reinsurance assets	13	-	-	47,457	47,457
Other assets	20	-	-	73,919	73,919
		<u>919,169</u>	<u>-</u>	<u>6,324,700</u>	<u>7,243,869</u>
<i>Financial liabilities</i>					
Insurance contract liabilities	21	-	-	1,793,382	1,793,382
Reserve for policyholders' dividends	22	-	-	250,193	250,193
Premium deposit funds	23	-	-	2,203,873	2,203,873
Insurance payables	24	-	-	74,421	74,421
Accounts payable and accrued expenses	25	-	-	879,558	879,558
Lease liabilities	18	-	-	52,827	52,827
		<u>-</u>	<u>-</u>	<u>5,254,254</u>	<u>5,254,254</u>
<b>December 31, 2024</b>					
<i>Financial assets</i>					
Cash and cash equivalents	7	722,497	-	-	722,497
Insurance receivables	8	-	-	1,537,764	1,537,764
Loans and other receivables	11	-	-	4,241,875	4,241,875
Accrued income	12	-	-	127,365	127,365
Reinsurance assets	13	-	-	22,436	22,436
Other assets	20	-	-	68,130	68,130
		<u>722,497</u>	<u>-</u>	<u>5,997,570</u>	<u>6,720,067</u>
<i>Financial liabilities</i>					
Insurance contract liabilities	21	-	-	2,946,395	2,946,395
Reserve for policyholders' dividends	22	-	-	239,410	239,410
Premium deposit funds	23	-	-	330,660	330,660
Insurance payables	24	-	-	79,142	79,142
Accounts payable and accrued expenses	25	-	-	1,150,387	1,150,387
Lease liabilities	18	-	-	22,239	22,239
		<u>-</u>	<u>-</u>	<u>4,768,233</u>	<u>4,768,233</u>

For financial assets and financial liabilities with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

### **6.5 Fair Value Measurement of Investment Properties**

The fair values of the Company's investment properties measured at fair value amounted to P1.99 billion and P1.20 billion as of December 31, 2025 and 2024, respectively.

The fair values of the investment properties were determined based on independent appraisals, using valuation techniques appropriate to the nature, location, and use of the properties. For certain properties, different valuation assumptions and approaches were applied across periods, reflecting changes in valuation methodologies, market conditions, and available observable inputs.

The Company applied the following valuation techniques in 2025 and 2024:

- *Market approach* - used for land, whereby values are estimated by comparing recent sales and listings of comparable properties, with adjustments made for differences in location, size, physical characteristics, market conditions, and other relevant factors.
- *Cost approach* - used primarily for buildings and improvements, whereby the current replacement cost of the improvements is estimated and then adjusted for physical deterioration, functional obsolescence, and external depreciation.

For the year ended December 31, 2025, the valuation of one investment property incorporated inputs and assumptions that differ from those applied in the prior year, including the use of updated market indicators and alternative estimation techniques consistent with prevailing industry practice. The valuations of the Company's other investment properties for both years were determined using consistent valuation methodologies.

The fair value measurements of the Company's investment properties are categorized within Level 3 of the fair value hierarchy, as the valuations rely on significant unobservable inputs, including but not limited to adjustments to comparable market transactions, estimated replacement costs, and assumptions on depreciation, remaining economic life, and marketability of the properties.

There were no transfers between levels of the fair value hierarchy during the years ended December 31, 2025 and 2024.

### **6.6 Offsetting Financial Assets and Financial Liabilities**

The Company has not set-off financial instruments in 2025 and 2024 and the only financial assets which are subject to offsetting arrangement are the Company's policy loans which are secured with cash surrender value. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by the BOD and stockholders of both parties.

## 7. CASH AND CASH EQUIVALENTS

This account consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash on hand	5,181,850	5,323,164
Cash in banks	589,941,065	512,676,783
Short-term placements	<u>324,046,378</u>	<u>204,496,819</u>
	<u><b>919,169,293</b></u>	<u>722,496,766</u>

Cash in banks earn interest at prevailing interest rates. Cash equivalents are made for various periods depending on the immediate cash requirements of the Company and earn interest from 0.05% to 0.0625% in 2025 and from 0.05% to 0.10% in 2024.

Short-term placements are made for varying periods from 15 to 60 days and earn effective interest ranging from 3.00% to 6.25% in 2025 and from 4.25% to 6.25% in 2024.

Interest income earned in 2025 and 2024 amounted to P25.82 million and P21.62 million, respectively, and is presented as part of Interest income under Investment Income account in the statements of comprehensive income (see Note 28).

## 8. INSURANCE RECEIVABLES

This account consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Premiums due and uncollected	1,313,803,924	1,737,198,704
Due from agents	<u>109,154,799</u>	<u>110,882,650</u>
	1,422,958,723	1,848,081,354
Allowance for impairment	<u>(332,828,553)</u>	<u>(310,317,648)</u>
	<u><b>1,090,130,170</b></u>	<u>1,537,763,706</u>

All of the Company's insurance receivables have been reviewed for indicators of impairment. The movements of allowance for impairment are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	310,317,648	275,842,902
Impairment loss during the year	<u>22,510,905</u>	<u>34,474,746</u>
Balance at end of year	<u><b>332,828,553</b></u>	<u>310,317,648</u>

The impairment losses were recognized as part of Impairment Losses on Financial Assets – net in the statements of comprehensive income.

**9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This account consists of the following financial assets which are issued in:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Philippines peso	<b>3,939,833,818</b>	3,369,744,127
United States dollar	<b>219,343,476</b>	248,733,673
	<b><u>4,159,177,294</u></b>	<b><u>3,618,477,800</u></b>

The carrying amounts of the financial assets at FVPL are classified as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Government debt securities	<b>1,045,572,959</b>	1,589,399,258
Equity securities	<b>1,885,039,293</b>	1,331,513,866
Corporate debt securities	<b>1,198,015,042</b>	676,514,676
Equity investments designated as financial assets at FVPL	<b><u>30,550,000</u></b>	<u>21,050,000</u>
	<b><u>4,159,177,294</u></b>	<b><u>3,618,477,800</u></b>

Interest income earned from the Company's FVPL debt securities amounted to P224.86 million and P231.47 million in 2025 and 2024, respectively, and is presented as part of Investment Income account in the statements of comprehensive income (see Note 28).

Dividend income arising from the Company's FVPL equity securities amounted to P42.78 million and P23.09 million in 2025 and 2024, respectively, and is presented as part of Investment Income account in the statements of comprehensive income (see Note 28).

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

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>3,618,477,800</b>	4,055,083,444
Additions		<b>1,504,342,813</b>	1,316,017,515
Maturities and disposals		<b>(1,058,834,152)</b>	(1,751,615,930)
Net change in fair value	28	<b>91,056,307</b>	(11,881,709)
Foreign exchange gains		<b><u>4,134,526</u></b>	<u>10,874,480</u>
Balance at end of year		<b><u>4,159,177,294</u></b>	<b><u>3,618,477,800</u></b>

The related gains and losses from sale of these financial assets are presented under Investment Income account in the statements of comprehensive income (see Note 28).

The fair values of equity securities presented above have been determined directly by reference to quote bid prices in active markets (see Note 6.3).

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Debt securities at fair value	<b>7,548,059,174</b>	6,635,739,820
Equity securities at fair value	<b>418,340,269</b>	1,658,100,638
	<b><u>7,966,399,443</u></b>	<b><u>8,293,840,458</u></b>

As of December 31, 2025 and 2024, government securities with a total value of P336.89 million and P336.75 million, respectively, are deposited with the IC in accordance with the provision of the Insurance Code as security for the benefit of policyholders and creditors of the Company.

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>8,293,840,458</b>	8,898,184,160
Additions	<b>3,204,911,495</b>	1,017,767,924
Maturities and disposals	<b>(3,541,769,370)</b>	(1,422,487,303)
Net change in fair value	<b>4,145,385</b>	(211,858,811)
Foreign exchange gains	<b>5,271,475</b>	12,234,488
Balance at end of year	<b><u>7,966,399,443</u></b>	<b><u>8,293,840,458</u></b>

As of December 31, 2025 and 2024, management assessed that there is no additional impairment on its AFS financial assets aside from impairment losses recognized against fluctuation reserves and that directly charged to retained earnings.

The movements in revaluation reserves on AFS financial assets are as follows:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u> [As restated – see Note 2.1(c)]
Balance at beginning of year		<b>(282,957,536)</b>	(270,114,652)
Other comprehensive income:			
Fair value losses - net		<b>(61,926,959)</b>	(247,032,187)
Transferred to profit or loss	28	<b>66,072,344</b>	35,173,376
Impairment losses transferred to profit or loss		<b>-</b>	199,015,927
Balance at end of year		<b><u>(278,812,151)</u></b>	<b><u>(282,957,536)</u></b>

The related gains and losses from sale of these financial assets are presented under Investment Income account in the statements of comprehensive income (see Note 28).

Interest income earned from the Company's AFS debt securities amounted to P369.93 million and P359.97 million in 2025 and 2024, respectively, and is presented as part of Investment Income account in the statements of comprehensive income (see Note 28).

Dividend income arising from the Company's AFS equity securities amounted to P36.53 million and P40.46 million in 2025 and 2024, respectively, and is presented as part of Investment Income account in the statements of comprehensive income (see Note 28).

As of December 31, the maturity profile of the AFS debt securities at carrying amount is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within one year	<b>452,356,249</b>	174,195,174
More than a year to five years	<b>3,176,035,015</b>	3,458,527,394
Beyond five years	<b>3,919,667,910</b>	3,003,017,252
	<b><u>7,548,059,174</u></b>	<b><u>6,635,739,820</u></b>

## 11. LOANS AND OTHER RECEIVABLES

This account consists of:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Note receivable		<b>1,369,988,232</b>	1,229,225,592
Mortgage loans		<b>1,306,020,855</b>	1,533,693,859
HMO billback		<b>598,692,813</b>	621,983,127
Claims receivables:			
Farmers		<b>585,456,074</b>	572,521,074
Group life		<b>11,191,945</b>	5,766,990
Policy loans		<b>457,343,645</b>	439,743,592
Investment accounts receivable	34b	<b>292,865,554</b>	262,545,273
Installment contract receivables		<b>117,402,639</b>	133,410,018
Advances to officers and employees		<b>79,780,299</b>	86,865,783
Collateral loans		<b>16,179,866</b>	19,812,542
Others	34c	<b>137,014,366</b>	159,579,575
		<b><u>4,971,936,288</u></b>	<u>5,065,147,425</u>
Allowance for impairment losses		<b><u>(507,395,147)</u></b>	<u>(558,198,436)</u>
		<b><u>4,464,541,141</u></b>	<b><u>4,506,948,989</u></b>

Note receivable refers to long-term promissory notes without collateral and earns prevailing market interest rate ranging from 3.00% to 24.00% in both 2025 and 2024, respectively.

Mortgage loans pertain to receivables in housing loans secured by the property being financed by the loans and collectible in monthly amortizations. Interest rates range from 4.88% to 17.50% in 2025 and 2024 with terms ranging from five to ten years.

HMO billback is due from healthcare cardholders under the third-party administration accounts or autobill back, wherein the Company initially pays for the medical expenses and subsequently bills the same to the cardholders plus service fee ranging from 5.00% to 25.00% and network access fee. These HMO related revenues are presented as part of Service Fees account in the statements of comprehensive income (see Note 29).

Policy loans pertain to loans issued to policyholders. The loans are issued with collateral of the cash surrender value of the policyholders insurance policies. Interest rates charged are 10.00% for peso and 8.00% for dollar-denominated policies.

Investment accounts receivable pertains mainly to receivables from the sale of investments and dividends receivable on the Company's investments in subsidiaries. This also includes the amount provided by variable life funds to the Company to partially fund its loan facility. Interest rates of investment accounts receivable range from 2.00% to 3.00% in both 2025 and 2024.

Installment contract receivables pertain to the outstanding receivable on foreclosed properties sold to third parties. The interest rate ranges from 6.00% to 12.00% for both years 2025 and 2024 with terms ranging from 2 to 15 years in both years.

Advances to officers and employees are collected through payroll deductions or through expense liquidation.

Collateral loans are loans collectible in monthly amortizations over a period of one to five years, including interest ranging from 6.00% to 21.00%, secured by a chattel mortgage.

Total interest income earned from the Company's loans and other receivables amounted to P270.12 million and P283.45 million in 2025 and 2024, respectively, and is presented as part of Interest income presented under Investment Income account in the statements of comprehensive income (see Note 28).

The total fair values of loans and other receivables as at December 31, 2025 and 2024 are disclosed in Note 6.1.

The rollforward analyses of allowance for impairment losses on loans and other receivables are as follows:

<i>(Amounts in PHP)</i>	<b>Balance at beginning of the year</b>	<b>Impairment Losses</b>	<b>Write-offs</b>	<b>Others</b>	<b>Balance at end of the year</b>
<b>2025:</b>					
Notes receivable	260,472,771	4,732,539	(39,924,180)	(1,733,169)	223,547,961
HMO billback	193,935,232	-	-	-	193,935,232
Installment contract receivable	14,158,374	-	(14,158,374)	-	-
Claims receivable – farmers and group	74,508,525	-	-	-	74,508,525
Collateral loans	5,082,342	-	(1,453,274)	-	3,629,068
Investment accounts receivable	4,766,372	-	-	-	4,766,372
Mortgage loans	2,621,115	-	-	1,733,169	4,354,284
Advances to officers and employees	424,365	-	-	-	424,365
Others	2,229,340	-	-	-	2,229,340
	<u>558,198,436</u>	<u>4,732,539</u>	<u>(55,535,828)</u>	<u>-</u>	<u>507,395,147</u>

<i>(Amounts in PHP)</i>	Balance at beginning of the year	Impairment Losses	Write-offs	Others	Balance at end of the year
2024:					
Notes receivable	255,047,809	3,691,793	-	1,733,169	260,472,771
HMO billback	193,935,232	-	-	-	193,935,232
Claims receivable – farmers and group	64,508,525	10,000,000	-	-	74,508,525
Investment accounts receivable	4,766,372	-	-	-	4,766,372
Mortgage loans	4,354,285	-	-	(1,733,170)	2,621,115
Collateral loans	5,082,342	-	-	-	5,082,342
Advances to officers and employees	2,349,213	-	-	(1,924,848)	424,365
Installment contract receivable	-	14,158,374	-	-	14,158,374
Others	1,925,143	-	-	304,197	2,229,340
	<u>531,968,921</u>	<u>27,850,167</u>	<u>-</u>	<u>(1,620,652)</u>	<u>558,198,436</u>

In 2025 and 2024, the Company recognized provision for impairment losses based on the Company's assessment of the individual balances of different receivables.

As of December 31, 2025 and 2024, the maturity profile of the loans and other receivables at gross amount is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Within one year	<b>2,158,749,960</b>	2,068,910,594
More than a year to five years	<b>1,667,020,169</b>	1,963,925,934
Beyond five years	<b>1,146,166,159</b>	1,032,310,897
	<u><b>4,971,936,288</b></u>	<u>5,065,147,425</u>

## 12. ACCRUED INCOME

This account consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Interest receivable	<b>140,377,828</b>	123,337,854
Dividend receivable	<b>880,453</b>	4,027,200
	<u><b>141,258,281</b></u>	<u>127,365,054</u>

Interest receivable includes accrued interest arising from short-term investments, debt securities classified as financial assets at FVPL, debt securities under AFS financial assets, and loans and other receivables.

### 13. REINSURANCE ASSETS

This account consists of:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Reinsurance recoverable on unpaid losses	<b>37,036,421</b>	10,958,386
Reinsurers' share on legal policy reserves	<b>10,420,369</b>	11,477,778
	<b><u>47,456,790</u></b>	<b><u>22,436,164</u></b>

The movements of reinsurance recoverable on unpaid losses are as follows:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>10,958,386</b>	110,264,668
Claims incurred during the year	30	<b>27,122,160</b>	6,234,774
Claims paid during the year		<b><u>(1,044,125)</u></b>	<u>(105,541,056)</u>
Balance at end of year		<b><u>37,036,421</u></b>	<b><u>10,958,386</u></b>

The movements of reinsurers' share on legal policy reserves are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>11,477,778</b>	9,421,748
Premiums received	<b>7,708,369</b>	26,932,834
Liability released for payments of death, maturity and surrender benefits and claims	<b><u>(8,765,778)</u></b>	<u>(24,876,804)</u>
Balance at end of year	<b><u>10,420,369</u></b>	<b><u>11,477,778</u></b>

### 14. INVESTMENTS IN SUBSIDIARIES

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Subsidiaries:		
Cocogen	<b>1,455,793,053</b>	1,455,793,053
Cocoplans	<b>832,040,670</b>	832,040,670
Ultra	<b>161,983,155</b>	154,983,155
CAMCI	<b>50,000,000</b>	50,000,000
Healthassist	<b>20,000,000</b>	20,000,000
	<b><u>2,519,816,878</u></b>	<u>2,512,816,878</u>
Allowance for impairment losses	<b><u>(832,040,670)</u></b>	<u>(832,040,670)</u>
	<b><u>1,687,776,208</u></b>	<b><u>1,680,776,208</u></b>

In 2025, the Company has made additional capital infusion to Ultra amounting to P7.00 million. Meanwhile in 2024, the Company has made additional capital infusion to Cocogen and Ultra amounting to P320.00 million and P7.00 million, respectively. The capital infusion to Cocogen in 2024 was made by exchanging one of the Company's investment properties with carrying value of P103.02 million for P176.98 million worth of shares of Cocogen (see Note 16). The related gain on exchange amounting to P73.96 million is recorded as part of Investment income – net in the Company's 2024 statement of comprehensive income (see Note 28).

The unaudited key financial information of the significant subsidiaries are as follows:

<i>(Amounts in PHP)</i>	<u>Cocogen</u>	<u>Cocoplans</u>	<u>Ultra</u>	<u>CAMCI</u>	<u>Healthassist</u>
<b>2025</b>					
Total assets	6,097,783,658	871,905,225	414,990,394	92,673,575	35,081,845
Total liabilities	3,718,811,977	826,595,824	215,009,370	34,846,833	2,421,179
Equity	2,378,971,681	45,309,401	199,981,024	57,826,742	32,660,666
Revenues	1,968,115,209	30,694,869	74,730,000	75,089,454	14,050,518
Net income	11,855,663	(25,362,325)	18,220,000	9,309,904	672,855
Other comprehensive income (loss)	(16,153,084)	(12,482,763)	40,000	(3,778,732)	335,589
Total comprehensive income (loss)	(4,297,421)	(37,845,088)	18,260,000	5,531,172	1,008,444
<b>2024</b>					
Total assets	6,020,451,843	920,488,732	430,379,264	67,923,445	36,068,215
Total liabilities	3,746,288,380	837,334,243	240,403,832	15,627,875	4,415,994
Equity	2,274,163,463	83,154,489	189,975,432	52,295,570	31,652,221
Revenues	1,823,689,316	42,118,293	36,484,000	32,299,272	23,587,139
Net income	105,173,840	(4,968,908)	15,161,000	2,417,748	3,462,078
Other comprehensive income (loss)	(35,452,600)	(11,659,915)	15,000,000	(266,400)	-
Total comprehensive income	69,721,240	(16,628,823)	30,161,000	2,151,348	3,462,078

No dividend income was earned from the Company's subsidiaries in both 2025 and 2024 and there are no dividend receivable from subsidiaries as of December 31, 2025 and 2024.

## 15. REAL ESTATE INVENTORIES

The movements in this account are as follows:

<i>(Amounts in PHP)</i>	<b>2025</b>	2024 (As restated – see Note 2.1c)
Balance at beginning of year	<b>339,376,258</b>	312,185,257
Additions	-	28,887,751
Disposals	<b>(6,935,937)</b>	(1,696,750)
Balance at end of year	<b>332,440,321</b>	339,376,258

In 2025 and 2024, total gain from sale of real estate inventories amounted to P0.62 million and P4.79 million, respectively, and is presented as part of Other Income account in the statements of comprehensive income (see Note 28).

Management determined that these properties' NRV are higher than their costs as at December 31, 2025 and 2024.

## 16. INVESTMENT PROPERTIES

The Company's investment properties consist of land and buildings. In 2025, the Company restated its 2024 financial statements due to a change in its accounting policy for its investment properties from cost model to fair value model.

A reconciliation of the carrying amounts of investment properties at the beginning and end of 2025 and 2024 are summarized below.

<i>(Amounts in PHP)</i>	<b>2025</b>	2024 (As restated – see Note 2.1c)
Balance at beginning of year	<b>1,203,557,017</b>	1,177,297,990
Additions	<b>2,379,871</b>	6,763,676
Disposals	<b>(1,908,638)</b>	(65,140,687)
Other adjustments	<b>2,437,203</b>	10,142,633
Fair value gain	<b>787,930,575</b>	74,493,405
Balance at end of year	<b>1,994,396,028</b>	1,203,557,017

The amounts of fair value recognized in both years are presented as Fair value gains on investment properties under Other Revenues in the statements of comprehensive income. Other information about the fair value measurement and disclosures related to the investment properties are presented in Note 6.5.

In 2025 and 2024, the Company sold investment properties with a carrying value of P1.91 million and P65.14 million, respectively. The gain on sale of investment properties in 2025 and 2024 amounting to P9.07 million and P38.09 million, respectively, were recognized under Investment Income in the statements of comprehensive income (see Note 28).

Rental income in 2025 and 2024 arising from the lease of investment properties amounted to P35.09 million and P39.95 million, respectively, which are presented as Rental Income under the Investment Income account in the statements of comprehensive income (see Note 28).

## 17. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of December 31, 2025 and 2024 are shown below.

<i>(Amounts in PHP)</i>	<b>Land</b>	<b>Building and Improvements</b>	<b>Leasehold Improvements</b>	<b>Transportation Equipment</b>	<b>Office Furniture, Fixtures and Equipment</b>	<b>Total</b>
<b>December 31, 2025</b>						
Cost	4,222,222	71,283,944	274,297,476	153,601,528	314,974,970	818,380,140
Accumulated depreciation and amortization	-	(67,244,847)	(182,318,755)	(82,631,028)	(246,196,849)	(578,391,479)
<b>Net carrying amount</b>	<b><u>4,222,222</u></b>	<b><u>4,039,097</u></b>	<b><u>91,978,721</u></b>	<b><u>70,970,500</u></b>	<b><u>68,778,121</u></b>	<b><u>239,988,661</u></b>
<b>December 31, 2024</b>						
Cost	8,444,444	95,128,726	275,152,768	146,518,305	370,124,407	895,368,650
Accumulated depreciation and amortization	-	(74,160,492)	(172,400,860)	(73,461,144)	(300,640,187)	(620,662,683)
<b>Net carrying amount</b>	<b><u>8,444,444</u></b>	<b><u>20,968,234</u></b>	<b><u>102,751,908</u></b>	<b><u>73,057,161</u></b>	<b><u>69,484,220</u></b>	<b><u>274,705,967</u></b>
<b>January 1, 2024</b>						
Cost	8,444,444	22,730,233	269,579,715	163,786,820	349,397,418	813,938,630
Accumulated depreciation and amortization	-	(18,085,768)	(167,466,510)	(98,799,946)	(271,784,975)	(556,137,199)
<b>Net carrying amount</b>	<b><u>8,444,444</u></b>	<b><u>4,644,465</u></b>	<b><u>102,113,205</u></b>	<b><u>64,986,874</u></b>	<b><u>77,612,443</u></b>	<b><u>257,801,431</u></b>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of December 31, 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<b>Land</b>	<b>Building and Improvements</b>	<b>Leasehold Improvements</b>	<b>Transportation Equipment</b>	<b>Office Furniture, Fixtures and Equipment</b>	<b>Total</b>
Balance at January 1, 2025 net of accumulated depreciation and amortization	8,444,444	20,968,234	102,751,908	73,057,161	69,484,220	274,705,967
Additions	-	40,000	15,153,141	19,600,000	24,698,288	59,491,429
Disposals	-	(23,685,670)	(16,008,432)	(12,516,777)	(79,847,725)	(132,058,604)
Transfers	(4,222,222)	-	-	-	-	(4,222,222)
Depreciation and amortization charges for the year	-	6,716,533	(9,917,896)	(9,169,884)	54,443,338	42,072,091
<b>Balance at December 31, 2025 net of accumulated depreciation and amortization</b>	<b><u>4,222,222</u></b>	<b><u>4,039,097</u></b>	<b><u>91,978,721</u></b>	<b><u>70,970,500</u></b>	<b><u>68,778,121</u></b>	<b><u>239,988,661</u></b>

<i>(Amounts in PHP)</i>	Land	Building and Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Balance at January 1, 2024 net of accumulated depreciation and amortization	8,444,444	4,644,465	102,113,205	64,986,874	77,612,443	257,801,431
Additions	-	22,343,428	25,749,159	64,994,267	22,002,566	135,189,420
Disposals	-	(12,468,470)	(15,956,049)	(34,307,216)	(1,160,879)	(63,892,614)
Transfers and adjustments	-	7,587,167	(8,390,243)	-	-	(803,076)
Depreciation and amortization charges for the year	-	(1,138,356)	(764,164)	(22,616,764)	(28,969,910)	(49,485,042)
Balance at December 31, 2024 net of accumulated depreciation and amortization	<u>8,444,444</u>	<u>20,968,234</u>	<u>102,751,908</u>	<u>73,057,161</u>	<u>69,484,220</u>	<u>274,705,967</u>

All the depreciation and amortization charges were reported as part of Depreciation and amortization under General and Administrative Expense account in the statements of comprehensive income (see Note 31).

The Company recognized a gain on disposal of property and equipment totaling P0.02 million and P2.74 million in 2025 and 2024, respectively (see Note 28).

As of December 31, 2025 and 2024, the gross carrying amount of the Company's fully depreciated property and equipment that are still in use is P525.54 million and P255.86 million, respectively. In 2025, the Company has retired various fully depreciated property and equipment with total cost of P312.75 million and P26.98 million in 2025 and 2024, respectively.

## 18. LEASES

The Company has leases for certain office spaces. With the exception of short-term leases, each lease is reflected on the statement of financial position as a Right-of-use Assets and Lease Liabilities. Variable lease payments which do not depend on an index or rate are excluded from the initial measurement of the right-of-use asset and lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantial termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office spaces, the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts.

The nature of the Company's leasing activities recognized in the statements of financial position is described below.

	<u>2025</u>	<u>2024</u>
Number of underlying assets leased	19	25
Range of remaining term	1 – 4 years	1 – 4 years
Average remaining lease term	2 years	2 years

### 18.1 Right-of-use Assets

The carrying amount of the Company's right-of-use assets as at December 31, 2025 and 2024 and the movements during the year are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cost	<b>302,673,964</b>	233,871,131
Accumulated amortization	<u>(251,894,635)</u>	<u>(212,809,717)</u>
Net carrying amount	<u><b>50,779,329</b></u>	<u>21,061,414</u>

A reconciliation of the carrying amount of right-of-use assets at beginning and end of 2025 and 2024 is shown below.

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year		<b>21,061,414</b>	56,492,585
Additions during the year		<b>67,756,425</b>	4,440,971
Terminations during the year	18.2	<b>(316,838)</b>	(4,342,872)
Amortization charges during the year	31	<u><b>(37,721,672)</b></u>	<u>(35,529,270)</u>
Balance at end of year		<u><b>50,779,329</b></u>	<u>21,061,414</u>

Amortization charges were reported as part of Depreciation and amortization under General and Administrative Expense account in the statements of comprehensive income (see Note 31).

### 18.2 Lease Liabilities

The movements in the lease liabilities recognized in the statements of financial position are as follows:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>22,239,224</b>	59,019,086
Cash flows from financing activities –			
Repayment of lease liabilities including interest		<b>(40,386,589)</b>	(36,934,034)
Non-cash financing activities:			
Additional lease obligation		<b>67,756,425</b>	4,440,971
Termination during the year		<b>(327,351)</b>	(4,905,602)
Interest amortization on lease liabilities	31	<u><b>3,544,860</b></u>	<u>618,803</u>
Balance at end of year		<u><b>52,826,569</b></u>	<u>22,239,224</u>

In 2025 and 2024, the Company did not have any lease modifications or rent concessions from lessors. In 2025 and 2024, the Company has pre-terminated leases and recognized the gain on termination amounting to P0.01 million and P0.56 million as part of Other income in the statements of comprehensive income.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities at December 31, 2025 and 2024 is as follows:

<i>(Amounts in PHP)</i>	<u>Within 1 year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>Total</u>
<b>December 31, 2025</b>						
Lease payments	26,838,371	26,807,988	2,233,538	270,230	-	56,150,127
Interest expense	<u>(2,357,449)</u>	<u>(926,514)</u>	<u>(38,708)</u>	<u>(887)</u>	-	<u>(3,323,558)</u>
Net present value	<u><b>24,480,922</b></u>	<u><b>25,881,474</b></u>	<u><b>2,194,830</b></u>	<u><b>269,343</b></u>	<u>-</u>	<u><b>52,826,569</b></u>
<b>December 31, 2024</b>						
Lease payments	18,457,230	2,253,357	736,990	786,122	270,230	22,503,929
Interest expense	<u>(187,310)</u>	<u>(42,844)</u>	<u>(22,630)</u>	<u>(11,035)</u>	<u>(886)</u>	<u>(264,705)</u>
Net present value	<u><b>18,269,920</b></u>	<u><b>2,210,513</b></u>	<u><b>714,360</b></u>	<u><b>775,087</b></u>	<u><b>269,344</b></u>	<u><b>22,239,224</b></u>

### ***18.3 Lease Payments Not Recognized as Liabilities***

The Company has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses relating to short-term leases amounted to P27.89 million and P33.24 million which are presented as Rent expense under General and Administrative Expenses account in the statements of comprehensive income, respectively (see Note 31).

### ***18.4 Additional Profit or Loss and Cash Flow Information***

The total cash outflow in respect of leases amounted to P67.93 million and P70.17 million in 2025 and 2024, respectively. Interest expense in relation to lease liabilities amounted to P3.54 million and P0.62 million which is presented as

Interest expense on lease liability under General and Administrative Expenses account in the 2025 and 2024 statement of comprehensive income, respectively (see Note 31).

## **19. INTANGIBLE ASSETS**

Intangible assets pertain to acquired computer software licenses used in operation and administration. The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of December 31, 2025 and 2024 follow:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Acquisition cost	<b>349,368,875</b>	334,003,149
Accumulated amortization	<u><b>(255,178,701)</b></u>	<u>(227,584,233)</u>
Carrying amount	<u><b>94,190,174</b></u>	<u>106,418,916</u>

A reconciliation of the carrying amounts at the beginning and end of 2025 and 2024 of intangible assets is shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year, net of accumulated amortization		106,418,916	129,405,428
Additions		15,365,726	5,973,276
Amortization charges for the year	31	<u>(27,594,468)</u>	<u>(28,959,788)</u>
Balance at end of year, net of accumulated amortization		<u>94,190,174</u>	<u>106,418,916</u>

## 20. OTHER ASSETS

The composition of this account is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	2024 [As restated – See Note 2.1(c)]
Bureau of Internal Revenue (BIR) tax credits	537,782,984	492,767,276
Foreclosed properties	249,207,067	263,521,067
Prepaid expenses	155,189,478	163,144,655
Refundable deposits	36,941,453	30,447,998
Lease and leasehold deposits	29,191,916	29,922,779
Deferred charges	14,404,794	215,182,757
Contingency fund pool	7,785,857	7,758,918
Laboratory supplies inventory	3,685,970	3,685,970
Others	<u>6,306,012</u>	<u>354,598</u>
	<u>1,040,495,531</u>	<u>1,206,786,018</u>

Prepaid expense includes access fee paid on the bancassurance arrangement with UCPB Savings and UCPB entered by the Company. Prior to 2020, the Company paid non-refundable access fee amounting to P105.00 million. Non-refundable access fee pertains to the upfront access fee payable upon the signing of the agreement. The Company also paid a refundable access fee to UCPB amounting to P105.00 million. Refundable access fee is related to the satisfaction of the performance targets set forth by both parties. Moreover, the earned portion are redeemable at the end of each year while the unearned portion will be refunded at the conclusion of the agreement period.

Refundable deposits are lease deposits that can be refunded at the end of short-term lease term. Lease and leasehold deposits consist of security lease deposits that can be applied at the end of the lease term.

## 21. INSURANCE CONTRACT LIABILITIES

The composition of this account is shown below.

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Legal policy reserves	3.2(a)	<b>13,831,017,389</b>	13,814,732,662
Policy and contract claims	3.2(b)	<b>1,793,382,083</b>	2,946,394,784
		<b><u>15,624,399,472</u></b>	<b><u>16,761,127,446</u></b>

Total IBNR recognized by the Company amounted to P0.99 billion and P1.33 billion as at December 31, 2025 and 2024, respectively, which form part of Policy and contract claims account [see Note 3.2(b)].

The movements in legal policy reserves are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>13,814,732,662</b>	14,295,756,807
Premiums received	<b>6,472,015,426</b>	7,886,433,176
Liability released for payments of death, maturity and surrender benefits and claims	<b>(7,158,277,819)</b>	(9,022,043,827)
Accretion of investments income or change in unit prices	<b>745,651,007</b>	686,859,943
Adjustment due to change in assumptions:		
Investment return	<b>(43,344,902)</b>	(69,145,909)
Others	<b>241,015</b>	36,872,472
Balance at end of year	<b><u>13,831,017,389</u></b>	<b><u>13,814,732,662</u></b>

The movements in policy and contract claims are as follows:

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Balance at beginning of year		<b>2,946,394,784</b>	1,318,990,872
Incurred during the year	30	<b>6,234,585,869</b>	7,580,671,981
Paid during the year		<b>(7,387,598,570)</b>	(5,953,268,069)
Balance at end of year		<b><u>1,793,382,083</u></b>	<b><u>2,946,394,784</u></b>

As at December 31, 2025 and 2024, assets held to cover unit-linked liabilities amounting to P1.79 billion and P2.91 billion, respectively, are held in the Company's separately managed funds, namely, Peso Fixed Income and Dollar Growth Fund, Dollar Bond Fund, Peso Equity Fund, Peso Fixed Income Fund, Peso Bond Fund, Asian Multi-Asset Bond Fund, and Global Consumer Trend Investment Fund (see Note 36).

## 22. RESERVE FOR POLICYHOLDERS' DIVIDENDS

The movements in this account are shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	239,410,393	240,192,090
Dividends on participating policies	37,492,874	31,799,577
Dividends applied	<u>(26,709,949)</u>	<u>(32,581,274)</u>
Balance at end of year	<u>250,193,318</u>	<u>239,410,393</u>

Reserve for policyholder's dividends represents due and unpaid dividends to policyholders with participation-type insurance contracts.

Dividends on participating policies is presented as Policyholders' Dividends in the statements of profit or loss.

## 23. PREMIUM DEPOSIT FUNDS

The composition of this account is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Premium deposits	2,095,641,413	184,292,379
Premium deposit fund	47,459,028	49,729,471
Fund builder rider	38,723,649	42,205,104
HMO guarantee deposits	22,032,399	51,532,913
Claims deposit	<u>16,861</u>	<u>2,900,047</u>
	<u>2,203,873,350</u>	<u>330,659,914</u>

## 24. INSURANCE PAYABLES

This account represents reinsurance premiums due and payable by the Company to all its reinsurers whether treaty or facultative. As of December 31, 2025 and 2024, this account amounted to P74.42 million and P79.14 million, respectively.

The movements in this account are shown below.

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Balance at beginning of year		79,142,219	132,406,459
Incurred during the year	27	22,076,689	15,411,399
Paid during the year		(26,896,069)	(70,715,965)
Foreign exchange loss		<u>98,626</u>	<u>2,040,326</u>
Balance at end of year		<u>74,421,465</u>	<u>79,142,219</u>

Reinsurance premiums incurred during the year is presented as Reinsurance premiums ceded under Net Insurance Premiums in the statements of comprehensive income.

**25. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES**

These accounts consist of:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Accounts payable and accrued expenses:			
Accounts payable		423,418,926	591,769,035
Loading payables		221,605,217	233,127,407
Accrued incentives and bonuses		158,187,133	252,912,332
Supplementary contracts without life contingency		51,597,315	47,566,486
Investment accounts payable	34a	20,786,181	21,106,400
Agents' fidelity and annuity reserves		<u>3,963,230</u>	<u>3,905,100</u>
		<u><b>879,558,002</b></u>	<u><b>1,150,386,760</b></u>
Other liabilities:			
Payable to government agencies		39,277,588	48,710,302
Deferred credits		-	9,803,574
Others		<u>3,010,536</u>	<u>3,042,364</u>
		<u><b>42,288,124</b></u>	<u><b>61,556,240</b></u>

Accounts payable consists mainly of unpaid commissions, supplies, utilities, postal and communication, professional fees, repairs and maintenance, and security services that are due and demandable.

Accrued incentives and bonuses represent amounts payable to employees computed based on current salary and length of service. These amounts are due to be paid within one year after the reporting date.

Loading payables refer to the portion of gross premium due and uncollected which is expected to be paid out in the form of commission, service fees, overrides and taxes.

Supplementary contracts without life contingency represent claims which are held by the Company and are paid in monthly installments in the form of pension benefits. These claims earn interest ranging from 1% to 6% annually.

Investments accounts payable represent funds received from both related parties and third parties to partially fund its loan financing facility. These amounts bear interest averaging 5.50% in years 2025 and 2024. Interest expense incurred on these loans amounted to P63.62 million and P70.37 million in 2025 and 2024, respectively was presented under Investment expenses in the statements of comprehensive income (see Note 28).

Agents' fidelity and annuity reserves represent amounts withheld from agents which are refunded upon resignation or termination.

Payable to government agencies consist mainly of value-added tax (VAT) payable, withholding taxes from the employees' compensation and purchases from suppliers which are subsequently remitted within one month after the reporting date.

Deferred credits represent reservation deposits which are refunded upon consumption of sale of investment properties and real estate inventories.

Others under Other liabilities in the statements of financial position are noninterest-bearing liabilities and are due and demandable.

## 26. EQUITY

### *26.1 Capital Stock*

As of December 31, 2025 and 2024, the Company has authorized shares of 1,000,000,000 and has issued and outstanding shares amounted to P550.00 million with a par value of P1 per share.

As of December 31, 2025 and 2024, the Company has 21 stockholders owning 100 or more shares each of the Company's capital stock.

### *26.2 Retained Earnings*

As of December 31, 2025 and 2024, the Company has appropriated retained earnings amounting to P70.56 million and P72.92 million, respectively. This is equivalent to the negative legal policy reserves calculated on traditional life insurance policies as mandated by IC through its issuance of CL No. 2016-66. Reserve for life insurance policy pertains to the remeasurement of the legal policy reserve attributable to the impact of changes in the discount rates used in the valuation of legal policy reserves applying the GPV methodology [see Note 2.6(a)].

As of December 31, 2025 and 2024, the unappropriated retained earnings of the Company has already exceeded the paid-in capital stock. This is non-compliant with Section 42 of the Revised Corporation Code, which specifically indicates that "stock corporations are prohibited from retaining surplus profits in excess of 100 percent of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the BOD; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/ his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies."

Accordingly, on May 22, 2018, the Company submitted a letter to SEC to seek consideration and exemption on assessments or penalties pertaining to the said violation, until such time that the ownership issue of the Company is resolved by the courts and its stockholders are clearly identified. This is in relation to the pending case wherein government is claiming 100% ownership of the Company, on the ground that the Company was allegedly formed using coco levy funds which are public funds.

Further, on July 1, 2024, the Company filed a Petition for Declaratory Relief (the Petition) seeking judicial clarification on the ownership of the block of shares reflected in its General Information Sheet as held by “UCPB for the benefit for Coconut Farmers.” The Petition arises from issues on whether such shares constitute coconut levy assets subject to reconveyance to the Republic of the Philippines.

In a decision dated February 24, 2025, the Sandiganbayan dismissed the Petition and ruled that the subject shares are reconveyable coconut levy assets under Republic Act No. 11524, *An Act Creating the Coconut Farmers and the Industry Trust Fund, Providing for its Management and Utilization, Reconstituting for the Purpose the Philippine Coconut Authority Board, and for other Purposes*. The case has since been elevated on appeal by the parties, including the Office of the Solicitor, and is currently pending before the Supreme Court, docketed as G.R. No. 279801.

In view of the pendency of the case and until final determination by the courts on the issue of ownership of the Company, the Company is hard put to comply with Section 43, as well as with Section 52 of the Revised Corporation Code, Regular and Special Meetings of Stockholders or Members, in a quandary on whom to make dividend declarations. However, despite of the violation, the Company is still substantially compliant as the Company is classified by the Governance Commission as a government-owned and controlled corporation, under supervision of Presidential Commission on Good Government, which oversee the Company’s operations to ensure that the interests of the stockholders are protected.

## 27. NET INSURANCE PREMIUMS

<i>(Amounts in PHP)</i>	Note	2025	2024
Direct:			
Accident and health		4,558,364,580	6,794,892,664
Group life insurance		2,329,503,956	1,557,602,910
Ordinary life insurance		629,535,457	634,574,347
Unit-linked		221,410,591	176,334,946
		<u>7,738,814,584</u>	<u>9,163,404,867</u>
Assumed group life insurance		100,823,173	107,102,380
		<u>7,839,637,757</u>	<u>9,270,507,247</u>
Reinsurance premiums ceded:			
Group life insurance		14,368,319	18,798,656
Accident and health		5,581,172	19,907,738
Ordinary life insurance		2,127,198	(23,294,995)
	24	<u>22,076,689</u>	<u>15,411,399</u>
		<u>7,817,561,068</u>	<u>9,255,095,848</u>

**28. INVESTMENT INCOME, INVESTMENT EXPENSES AND OTHER INCOME**

Investment income account consists of:

<i>(Amounts in PHP)</i>	Notes	<u>2025</u>	<u>2024</u>
Interest income on:			
AFS financial assets	10	<b>369,932,526</b>	359,970,321
Loans and other receivables	11	<b>270,116,819</b>	283,452,229
Financial assets at FVPL	9	<b>224,863,546</b>	231,466,394
Cash and cash equivalents	7	<b>25,815,059</b>	21,618,617
Others:			
Unrealized fair value gain (losses) on financial assets at FVPL - net	9	<b>91,056,307</b>	(11,881,709)
Dividend income	9, 10	<b>79,306,935</b>	63,546,069
Gain on sale of AFS financial assets	10	<b>66,072,344</b>	35,173,376
Rental income	16	<b>35,090,961</b>	39,951,720
Gain on sale of financial assets at FVPL	9	<b>20,732,757</b>	46,906,040
Gain on sale of investment properties	16	<b>9,065,476</b>	38,094,083
Gain on property exchange	14, 16	<b>-</b>	73,956,940
		<b><u>1,192,052,730</u></b>	<u>1,182,254,080</u>

Investment expenses account consists of:

<i>(Amounts in PHP)</i>	Note	<u>2025</u>	<u>2024</u>
Interest expense	25	<b>63,626,852</b>	70,373,611
Foreclosure charges		<b>(1,004,336)</b>	8,833,034
Management fee		<b>222,483</b>	205,518
Others		<b>65,424,904</b>	58,594,274
		<b><u>128,269,903</u></b>	<u>138,006,437</u>

Other investment expenses pertain to administrative costs incurred for unit-linked premiums and loans.

Other income account consists of:

<i>(Amounts in PHP)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u>
Foreign exchange gain – net		4,627,869	10,152,466
Gain on sale of real estate inventories	15	624,473	4,790,875
Gain on sale of property and equipment	17	24,100	2,740,528
Miscellaneous income		<u>30,120,337</u>	<u>19,120,118</u>
		<u>35,396,779</u>	<u>36,803,987</u>

Miscellaneous income consists of other incidental income items such as service fees, recoveries, and other incidental transactions that are not directly related to the Company’s primary operations, as well as income arising from the conversion of employees’ unused leave credits into cash benefits in accordance with the Company’s employee benefit policies.

## 29. SERVICE FEES

This account consists of:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
HMO fees	11	656,423,189	652,644,275
Policy fees		57,148,203	49,483,816
Cancellation fees		7,230,917	9,732,627
Other service fees		<u>6,386,662</u>	<u>5,461,594</u>
		<u>727,188,971</u>	<u>717,322,312</u>

## 30. NET INSURANCE BENEFITS AND CLAIMS

Gross benefits and claims paid on insurance contracts consist of:

<i>(Amounts in PHP)</i>	<u>Note</u>	<u>2025</u>	<u>2024</u>
Accident and health		4,862,315,966	5,976,607,985
Group life insurance		1,037,922,753	1,095,337,758
Maturities and surrenders		294,687,736	443,346,364
Ordinary life insurance		<u>39,659,414</u>	<u>65,379,874</u>
	21	<u>6,234,585,869</u>	<u>7,580,671,981</u>

Share on benefits and claims of reinsurers amounted to P27.12 million and P6.23 million in 2025 and 2024, respectively, and is presented under Net Insurance Benefits and Claims in the statements of comprehensive income (See Note 13).

Changes in life insurance contract liabilities follow:

<i>(Amounts in PHP)</i>	<b>Gross change in Insurance Contract Liabilities</b>	<b>Reinsurers' Share of Change in Insurance Contract Liabilities</b>	<b>Total</b>
<b><u>2025</u></b>			
Ordinary life insurance	633,716,086	(1,057,409)	632,658,677
Group life insurance	265,932,276	-	265,932,276
Accident and health	(838,310,131)	-	(838,310,131)
Foreign exchange loss	(5,418,742)	-	(5,418,742)
	<b><u>55,919,489</u></b>	<b><u>(1,057,409)</u></b>	<b><u>54,862,080</u></b>
<b><u>2024</u></b>			
Ordinary life insurance	(518,457,643)	2,056,031	(516,401,612)
Group life insurance	18,857,596	-	18,857,596
Accident and health	(19,898,772)	-	(19,898,772)
Foreign exchange loss	(19,173,595)	-	(19,173,595)
	<b><u>(538,672,414)</u></b>	<b><u>2,056,031</u></b>	<b><u>(536,616,383)</u></b>

### 31. GENERAL AND ADMINISTRATIVE EXPENSES

This account consists of:

<i>(Amounts in PHP)</i>	Notes	<b>2025</b>	2024 [As restated – See Note 2.1(c)]
Salaries and employee benefits	32.1	<b>837,169,153</b>	821,873,593
HMO miscellaneous expenses		<b>492,157,260</b>	409,021,357
Advertising and promotions		<b>137,649,097</b>	276,090,500
Depreciation and amortization	17, 18 19	<b>135,827,251</b>	119,634,627
Taxes and licenses		<b>110,186,478</b>	97,011,996
Utilities	18	<b>60,709,109</b>	74,731,336
Professional fees		<b>57,434,845</b>	30,924,253
Training and development		<b>48,514,523</b>	53,698,147
Repairs and maintenance		<b>34,298,974</b>	41,566,034
Directors' fees		<b>34,101,750</b>	38,574,985
Postage and telephone		<b>33,382,503</b>	36,956,290
Rent expense		<b>27,890,679</b>	33,239,839
Entertainment, amusement and recreation		<b>25,369,707</b>	46,463,374
Meeting and conferences		<b>21,516,958</b>	13,535,483
<i>Balance to be carried forward</i>		<b><u>2,056,208,287</u></b>	<b><u>2,093,321,814</u></b>

<i>(Amounts in PHP)</i>	Note	2025	2024
<i>Balance brought forward</i>		<b>2,056,208,287</b>	2,093,321,814
Service fees		<b>21,129,803</b>	33,216,805
Printing and office supplies		<b>20,505,749</b>	27,710,086
Transportation and travel		<b>15,806,848</b>	17,594,718
Other insurance cost		<b>13,525,783</b>	7,413,905
Insurance		<b>5,258,454</b>	5,018,099
Interest expense on lease liabilities	18	<b>3,544,860</b>	618,803
Condominium dues		<b>1,949,759</b>	1,516,139
Medical fees		<b>785,682</b>	723,733
Miscellaneous expense		<b>3,640,980</b>	6,578,975
		<b><u>2,142,356,205</u></b>	<b><u>2,193,713,077</u></b>

Miscellaneous expenses pertain to inspection and investigation expenses, collection fees, referral fees and other expenses.

## 32. EMPLOYEE BENEFITS

### *32.1 Salaries and Employee Benefits Expense*

Details of salaries and employee benefits are presented below.

<i>(Amounts in PHP)</i>	Notes	2025	2024
Salaries and wages		<b>761,768,967</b>	749,265,217
Retirement benefit	32.2	<b>75,400,186</b>	72,608,376
	31	<b><u>837,169,153</u></b>	<b><u>821,873,593</u></b>

### *32.2 Retirement Benefit*

#### *(a) Characteristics of the Defined Benefit Plan*

The Company has a funded, non-contributory, defined benefit plan covering all of its permanent employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined using the projected unit credit method. The Company's latest actuarial valuation date is December 31, 2025.

The plan is registered with the BIR as a tax-qualified plan under RA No. 4917, *An Act Providing That Retirement Benefits of Employees of Private Firms Shall Not Be Subject to Attachment, Levy, Execution, or Any Tax Whatsoever*, as amended. The control and administration of the plan is vested in the BOD. The plan's accounting and administrative functions are undertaken by the Company's Retirement Funds Office.

(b) *Explanation of Amounts Presented in the Financial Statements*

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below for the years ended December 31, 2025 and 2024 are based on the actuarial report obtained from an independent actuary in both years.

The amounts of retirement benefit obligation (asset) recognized as net pension liability (asset) in the statements of financial position are determined as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Present value of retirement benefit obligation	<b>1,011,199,630</b>	1,045,771,384
Fair value of plan assets	<b><u>(1,080,429,699)</u></b>	<u>(1,036,463,719)</u>
	<b><u>(69,230,069)</u></b>	<u>9,307,665</u>

The movements in the present value of the retirement benefit obligation recognized in the books are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Balance at beginning of year	<b>1,045,771,384</b>	962,876,360
Benefits paid	<b>(134,147,181)</b>	(45,649,368)
Current service cost	<b>74,832,419</b>	71,121,933
Interest expense	<b>63,792,054</b>	58,735,458
Remeasurements – Actuarial gains arising from experience adjustments	<b><u>(39,049,046)</u></b>	<u>(1,312,999)</u>
Balance at end of year	<b><u>1,011,199,630</u></b>	<u>1,045,771,384</u>

The movements in the fair value of plan assets are presented below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Fair value of plan assets at beginning of year	<b>1,036,463,719</b>	938,508,442
Contributions paid by employer	<b>130,749,112</b>	112,427,509
Benefits paid	<b>(134,147,181)</b>	(45,649,368)
Interest income	<b>63,224,287</b>	57,249,015
Return on plan assets (excluding amounts included in net interest cost or income)	<b><u>(15,860,238)</u></b>	<u>(26,071,879)</u>
Fair value of plan assets at end of year	<b><u>1,080,429,699</u></b>	<u>1,036,463,719</u>

The plan earned P47.36 million in 2025 and P31.18 million in 2024.

The Company's plan assets are maintained and consolidated under the Group Plan. The composition of the fair value of the plan assets at the end of the reporting period by category and risk characteristics is shown below.

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	<b>51,361,633</b>	33,431,005
Available-for-sale securities:		
Debt investments	<b>576,298,887</b>	588,493,665
Equity instruments	<b>452,956,807</b>	419,943,339
Other assets	<b>618,407</b>	662,067
Accounts payable and accrued expenses	<b><u>(806,035)</u></b>	<u>(6,066,357)</u>
	<b><u>1,080,429,699</u></b>	<b><u>1,036,463,719</u></b>

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

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

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
<i>Reported in profit or loss:</i>		
Current service cost	<b>74,832,419</b>	71,121,933
Net interest cost	<b><u>567,767</u></b>	<u>1,486,443</u>
	<b><u>75,400,186</u></b>	<b><u>72,608,376</u></b>
<i>Reported in other comprehensive loss (income)</i>		
Return on plan assets (excluding amounts included in net interest cost or income)	<b>15,860,238</b>	26,071,879
Actuarial losses (gains) arising from experience adjustments	<b><u>(39,049,046)</u></b>	<u>(1,312,999)</u>
	<b><u>(23,188,808)</u></b>	<b><u>24,758,880</u></b>

Current service cost and net interest cost are included as part of Salaries and employee benefits under General and Administrative Expenses account in the statements of comprehensive income (see Note 32.1).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit retirement obligation, the following significant actuarial assumptions were used and applied to the years ended December 31, 2025 and 2024:

	2025	2024
Discount rates	<b>6.40%</b>	6.10%
Expected rate of salary increases	<b>4.00%</b>	4.00%

Assumptions regarding the mortality and disability rates used were based on the 1980 CSO Mortality Table and 1952 Ben-5 Disability Study, respectively.

The weighted-average duration of the defined benefit obligation is 9 years as at December 31, 2025 and 2024.

(c) *Risks Associated with the Retirement Plan*

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

(d) *Investment and Interest Risks*

The present value of the defined 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. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(e) *Longevity and Salary Risks*

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after 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.

(f) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's (ALM) Asset Liability Matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(g) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	<b>Impact on Post-employment Benefit Obligation</b>		
	<b>Change in Assumption</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b><u>December 31, 2025</u></b>			
Discount rate	+/- 1%	(152,771,259)	27,502,688
Salary growth rate	+/- 1%	20,185,424	(147,819,617)
<b><u>December 31, 2024</u></b>			
Discount rate	+/- 1%	(76,481,773)	108,724,375
Salary growth rate	+/- 1%	101,051,649	(71,304,301)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

(h) *ALM Strategies*

To efficiently manage the retirement plan, the Company ensures that the investment positions are managed in accordance with its ALM strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in long-term fixed interest securities (i.e., government) with maturities that match the benefit payments as they fall due and in the appropriate currency.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A significant portion of the plan assets as of December 31, 2025 and 2024 consist of equity and debt securities. The Company believes that debt securities offer the best returns over the long term with an acceptable level of risk although the Company also invests in equity securities and cash and cash equivalents.

There has been no change in the Company's strategies to manage its risks from previous periods.

(i) *Funding Arrangements and Expected Contributions*

The plan is currently overfunded by P69.23 million based on the latest actuarial valuation. However, the Company intends to continue contributing to the fund as adjustments in the salary structure of its employees are expected within the succeeding year.

As of December 31, 2025 and 2024, the maturity profile of undiscounted expected benefit payments from the plan follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
More than one year to five years	512,537,674	564,180,706
More than five years to ten years	702,174,229	613,059,954
More than ten years to fifteen years	764,728,510	758,450,871
More than fifteen years	<u>2,577,479,933</u>	<u>2,618,133,827</u>
	<u><b>4,556,920,346</b></u>	<u><b>4,553,825,358</b></u>

### 33. INCOME TAX

The components of tax expense as reported in profit or loss and other comprehensive income for the years ended December 31 are as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	2024 [As restated – See Note 2.1(c)]
<i>Reported in profit and loss</i>		
Current tax expense:		
Final tax at 20% and 7.5%	105,653,511	103,755,595
MCIT at 2%	<u>10,865,063</u>	<u>8,430,434</u>
	<b>116,518,574</b>	112,186,029
Deferred tax expense relating to origination and reversal of temporary differences	<u>207,753,351</u>	<u>23,336,907</u>
	<u><b>324,271,925</b></u>	<u><b>135,522,936</b></u>
<i>Reported in other comprehensive income</i>		
Deferred tax on remeasurement of net pension liability	<u><b>5,797,203</b></u>	<u><b>(6,189,720)</b></u>

The reconciliation of tax on pretax profit (loss) computed at the applicable statutory rates to tax expense is as follows:

<i>(Amounts in PHP)</i>	<b>2025</b>	2024 [As restated – See Note 2.1(c)]
Tax on pretax profit (loss)	<b>107,774,240</b>	(171,052,129)
Adjustment for income subject to lower tax rate	<b>(36,450,823)</b>	(20,379,924)
Tax effects of:		
Non-taxable income	<b>(42,590,811)</b>	(12,916,090)
Non-deductible expense	<b>19,750,168</b>	20,720,918
Unrecognized deferred tax asset on net operating loss carry over (NOLCO)	<b>264,924,088</b>	310,719,727
Unrecognized deferred tax asset on MCIT	<b>10,865,063</b>	8,430,434
Tax expense	<b>324,271,925</b>	135,522,936

The net deferred tax liabilities relate to the following as of December 31:

<i>(Amounts in PHP)</i>	<b>Statements of Financial Position</b>		<b>Statement of Comprehensive Income</b>			
	2024		Profit or Loss		Other Comprehensive Income	
	<b>2025</b>	[As restated – See Note 2.1(c)]	<b>2025</b>	[As restated – See Note 2.1(c)]	<b>2025</b>	2024
<i>Deferred tax assets</i>						
Allowance for impairment losses	<b>171,475,510</b>	164,664,649	<b>6,810,861</b>	15,581,228	-	-
Unamortized past service cost	<b>66,352,700</b>	67,117,516	<b>(764,816)</b>	(5,586,064)	-	-
Lease liabilities	<b>13,206,642</b>	5,559,808	<b>7,646,834</b>	(9,194,964)	-	-
Net pension liability	-	2,326,916	-	(9,954,783)	-	6,189,720
	<b>251,034,852</b>	239,668,889	<b>13,692,879</b>	(9,154,583)	-	6,189,720
<i>Deferred tax liabilities</i>						
Right-of-use assets	<b>(12,694,832)</b>	(5,265,355)	<b>(7,429,477)</b>	8,857,792	-	-
Net pension asset	<b>(17,307,518)</b>	-	<b>(13,837,231)</b>	-	<b>(5,797,203)</b>	-
Fair value gain on investment property	<b>(430,195,524)</b>	(231,172,969)	<b>(199,022,555)</b>	(20,501,999)	-	-
Unrealized foreign exchange gains – net	<b>(5,699,273)</b>	(4,542,307)	<b>(1,156,967)</b>	(2,538,117)	-	-
	<b>(465,897,147)</b>	(240,980,631)	<b>(221,446,230)</b>	(14,182,324)	<b>(5,797,203)</b>	-
Net deferred tax liabilities - net	<b>(214,862,295)</b>	(1,311,742)				
Deferred tax income (expense) - net			<b>(207,753,351)</b>	(23,336,907)	<b>(5,797,203)</b>	6,189,720

The Company did not recognize deferred tax assets on certain temporary differences due to market uncertainty.

The Company is subject to the MCIT or RCIT, whichever is higher. In 2025 and 2024, no RCIT was reported as the Company was in tax loss position, hence, the Company reported MCIT.

In 2025 and 2024, the Company opted to claim itemized deductions in computing for its income tax due.

The details of NOLCO and MCIT which can be claimed as deduction from future taxable income and regular corporate income tax liabilities, respectively, within three years from the year the NOLCO and MCIT were incurred are shown below.

<i>(Amounts in PHP)</i>				
Year Incurred	Original Amount	Utilized/ Expired	Remaining Balance	Valid Until
NOLCO:				
2025	1,059,696,353	-	1,059,696,353	2028
2024	1,242,878,908	-	1,242,878,908	2027
MCIT:				
2025	10,865,063	-	10,865,063	2028
2024	8,430,434	-	8,430,434	2027

### 34. RELATED PARTY TRANSACTIONS

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel (KMP) of the Company are also considered to be related parties.

The Company's transactions with related parties are as follows:

<i>(Amounts in PHP)</i>	Year	Note	Amount of Transaction	Due from Related Parties	Due to Related Parties	Term and Conditions
<b>United Fund, Inc. (UFI) – under Common Control</b>						
Investments collected in behalf of UFI	2025	34a	39,230	-	128,000	Due and demandable; non-interest bearing; unsecured
	2024	34a	(13,205)	-	88,770	
<b>Cocolife Fixed Income Fund, Inc. (CFIFI) – under Common Control</b>						
Investments collected in behalf of CFIFI	2025	34a	(236,668)	-	171,190	Due and demandable; non-interest bearing; unsecured
	2024	34a	90,326	-	407,858	
<b>CAMCI – Subsidiary</b>						
Allocation of expenses for centralized personnel and technical services	2025	34b	(7,557,359)	3,811,154	307,241	Due and demandable; non-interest bearing; unsecured
	2024	34b	7,576,144	11,362,405	313,349	
<b>Cocoplans - Subsidiary</b>						
Advances and loans	2025	34c	(137,093)	20,077	-	Due and demandable; non-interest bearing; unsecured
	2024	34c	(183,660)	157,170	-	
<b>Cocogen - Subsidiary</b>						
Advances	2025	34c	(1,336,272)	6,907,691	21,370	Due and demandable; unsecured
	2024	34c	(3,851,454)	8,238,686	26,647	
<b>KMP</b>						
Compensation	2025	34c	258,872,679	-	-	
	2024	34c	264,651,944	-	-	
Loans	2025	34d	153,625,659	318,630,307	-	Due and demandable; interest bearing; secured by real estate mortgage
	2024	34d	76,405,686	165,004,648	-	

Notes:

- 34a. These amounts pertain to the investments that were received by the Company that will be remitted to UFI and CFIFI.
- 34b. These pertain to common expenses initially paid by CAMCI and then subsequently reimbursed by the Company.
- 34c. These are cash advances and loans provided or received by the Company to related parties.
- 34d. These are mortgage loans that are provided by the Company to its KMP.

The items discussed above are presented in the statements of financial position as:

- a. 34a – Investments accounts payable under Accounts Payable and Accrued Expenses account (see Note 25);
- b. 34b – Investments accounts receivable under Loans and Other Receivables account (see Note 11); and,
- c. 34c – Notes receivable and Other advances under Loans and Other Receivables account (see Note 11).

Compensation of KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, whether executive or otherwise, of that entity.

The KMP compensation is as follows:

<i>(Amounts in PHP)</i>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	<b>226,893,952</b>	228,362,897
Post-employment benefits	<b>31,978,727</b>	36,289,047
	<b><u>258,872,679</u></b>	<b><u>264,651,944</u></b>

The retirement fund neither provides any guarantee or surety for any obligation of the Company nor its investments covered by any restrictions or liens.

### 35. COMMITMENTS AND CONTINGENCIES

#### *(a) Operating Leases – Company as Lessor*

The Company, as a lessor, has entered into non-cancellable and renewable leases with terms between one to ten years and payment on a monthly basis from the date of the contracts. Some of these lease agreements provide for an escalation in the rental rates ranging from 2.00% to 10.00%. None of the leases includes contingent rentals and restrictions.

Future minimum rentals receivable under non-cancellable operating leases as at December 31, 2025 and 2024:

<i>(Amounts in PHP)</i>	2025	2024
Within one year	26,283,057	29,449,598
After one year but not more than five years	170,856,091	166,146,302
	197,139,148	195,595,900

The Company's rent income is presented under Investment income (see Note 28).

*(b) Others*

There are contingent liabilities that may arise in the normal course of the Company's operations which are not reflected in the financial statements. As at December 31, 2025 and 2024, management is of the opinion that losses, if any, from those items will not have a material effect on the Company's financial statements.

### 36. UNIT-LINKED FUNDS

The Company issues unit-linked insurance contracts where payments to policyholders are linked to internal investment funds set up. The details of these internal investment funds, which comprise the assets backing the unit-linked liabilities, are presented in the tables below. The assets, liabilities, income and expenses of these internal investment funds have been reflected in the appropriate accounts in the financial statements.

*Guaranteed Funds*

Guaranteed funds offered to unit-linked policyholders are available in one year and 3-year maturity periods. Unit-linked policyholders are allowed to allocate up to maximum of ninety percent (90%) of the policy's investible funds to any one of these funds and the remaining portion to any of the unitized funds. The income earned by the funds is based on fixed interest rates that the Company has declared at the time of investment. The interest declared by the Company is net of any fees necessary to manage the funds. In the case of fund withdrawal before the chosen maturity date, corresponding penalties are charged on the interest earned.

Presented are the details of the assets and liabilities of the peso guaranteed funds.

<i>(Amounts in PHP)</i>	<b>Dollar Guaranteed Fund</b>	<b>Peso Guaranteed Fund</b>	<b>Peso Medium Term Guaranteed Fund</b>	<b>Peso Long Term Guaranteed Fund</b>	<b>Total</b>
<b>2025</b>					
<b>Assets</b>					
Cash and cash equivalents	8,300,092	118,418,415	1,748,868	1,706,958	130,174,333
Financial assets at FVPL	52,458,170	86,000,877	-	-	138,459,047
AFS financial assets	44,915,560	428,403,005	-	-	473,318,565
Loans and other receivables	-	655,094,987	-	-	655,094,987
Accrued income	1,665,733	6,295,205	-	-	7,960,938
Other assets	-	488,349	-	-	488,349
<b>Total</b>	<b>107,339,555</b>	<b>1,294,700,838</b>	<b>1,748,868</b>	<b>1,706,958</b>	<b>1,405,496,219</b>
<b>Liabilities</b>					
Insurance contract liabilities	105,000,510	1,275,185,698	-	-	1,380,186,208
Accounts payable and accrued expenses	194,342	519,903	-	-	714,245
	2,734	13,988,114	3,668	3,918	13,998,434
<b>Total</b>	<b>105,197,586</b>	<b>1,289,693,715</b>	<b>3,668</b>	<b>3,918</b>	<b>1,394,898,887</b>
<b>Guaranteed interest rates</b>	<b>2.00%</b>	<b>0.50%</b>	-	-	
<b>2024</b>					
<b>Assets</b>					
Cash and cash equivalents	49,675,292	61,061,184	1,063,254	226,946	112,026,676
Financial assets at FVPL	100,694,956	181,737,543	-	-	282,432,499
AFS financial assets	59,406,815	599,702,452	19,993,457	3,164,793	682,267,517
Loans and other receivables	-	1,036,519,115	200,514,004	-	1,237,033,119
Accrued income	3,003,930	9,383,723	428,403	67,813	12,883,869
<b>Total</b>	<b>212,780,993</b>	<b>1,888,404,017</b>	<b>221,999,118</b>	<b>3,459,552</b>	<b>2,326,643,680</b>
<b>Liabilities</b>					
Insurance contract liabilities	121,769,404	1,588,937,385	-	-	1,710,706,789
Accounts payable and accrued expenses	2,028	607,082	-	-	609,110
<b>Total</b>	<b>121,771,432</b>	<b>1,589,544,467</b>	<b>-</b>	<b>-</b>	<b>1,711,315,899</b>
<b>Guaranteed interest rates</b>	<b>2.00%</b>	<b>0.50%</b>	-	-	

### *Growth Funds*

This is a unitized variable fund available only in conjunction with the 3-year Peso Medium Term Fund. The performance of the fund is reflected by the Net Asset Value computed at the end of each trading day. The Peso Income and Growth Fund seeks to maximize interest income, consistent with its policy to preserve capital, through a diversified portfolio of high-grade bonds and/or evidences of debt of the Philippine government-owned or controlled corporations, solvent corporations and institutions.

### *Dollar Bond Fund*

This is a unitized variable fund available for dollar investments together with the Dollar Guaranteed Fund. The fund seeks to generate regular interest income, consistent with its policy to preserve capital and to maintain liquidity of its investments. The fund is invested primary in dollar-denominated fixed-income instruments ranging from debentures, money market instruments and government securities.

*Peso Equity Fund*

This is unitized variable fund available for peso investments and may be chosen together with the Peso Guaranteed Fund and Peso Bond Fund. The fund seeks to maximize income consistent with its policy to preserve capital and to maintain liquidity of investments through a diversified portfolio of high-quality listed equity issues-blue chips and growth stocks listed in the Philippine Stocks Exchange.

*Peso Fixed Income Fund*

This is a unitized variable fund available for peso investments and may be chosen together with the Peso Guaranteed Fund and Peso Equity Fund. The fund seeks to generate regular interest income, consistent with its policy to preserve capital and maintain liquidity of investment through a diversified portfolio of high-grade bonds and evidence of debt of solvent corporations and institutions.

*Peso Bond Fund*

This is a unitized variable fund which aims to provide regular interest income, consistent with its policy to preserve capital and to maintain liquidity of its investments, through a diversified portfolio such as Treasury Notes/Bills, Certificates of Indebtedness issued by the Bangko Sentral ng Pilipinas and other government securities or bonds and other evidences of indebtedness or obligations, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or any of its instrumentalities. Duration of Peso Bond Fund's investment will be mostly between medium and long-term.

Presented below are the details of the Company's unitized variable funds.

<i>(Amounts in PHP)</i>	Peso Income and Growth Fund	Dollar Bond Fund	Peso Equity Fund	Peso Fixed Income Fund	Peso Bond Fund	Asian Multi Asset Bond Fund	Global Consumer Trend Inv Fund	Total
<b>2025</b>								
<b>Assets</b>								
Cash and cash equivalents	1,002,413	9,324,514	39,938,129	43,333,963	11,376,211	8,533,196	3,787,150	117,295,576
Financial assets at FVPL	-	166,885,306	396,308,198	1,802,323,968	126,819,964	736,539,332	215,994,584	3,444,871,352
Loans and other receivables	-	-	-	-	-	-	-	-
Accrued income	-	2,818,254	321,376	24,299,995	1,913,833	-	-	29,353,458
Other assets	-	-	3,489,621	4,335,560	594,568	10,931,021	5,419,733	24,770,503
	<b>1,002,413</b>	<b>179,028,074</b>	<b>440,057,324</b>	<b>1,874,293,486</b>	<b>140,704,576</b>	<b>756,003,549</b>	<b>225,201,467</b>	<b>3,616,290,889</b>
<b>Liabilities</b>								
Insurance contract liabilities	-	169,400,031	432,836,059	1,860,798,362	135,230,666	744,889,786	219,707,706	3,562,862,610
Accounts payable and accrued expenses	-	1,410,492	2,245,662	9,551,236	433,910	9,913,834	3,874,395	27,429,529
Due to general account	2,413	2,325,948	-	-	-	199,329	618,765	3,146,455
	<b>2,413</b>	<b>173,136,471</b>	<b>435,081,721</b>	<b>1,870,349,598</b>	<b>135,664,576</b>	<b>755,002,949</b>	<b>224,200,866</b>	<b>3,593,438,594</b>
<b>NAV</b>	<b>1.0000</b>	<b>1.4911</b>	<b>1.5207</b>	<b>1.9419</b>	<b>1.3694</b>	<b>1.2262</b>	<b>1.6208</b>	
<b>2024</b>								
<b>Assets</b>								
Cash and cash equivalents	88,749	10,224,644	23,385,370	32,286,869	12,259,823	47,898	61,478	78,354,831
Financial assets at FVPL	-	148,038,717	451,529,173	1,704,840,836	102,570,854	334,349,589	49,748,646	2,791,077,815
Loans and other receivables	-	-	1,946,739	3,006,995	169,594	5,620,607	272,302	11,016,237
Accrued income	26,694	2,549,664	898,314	23,102,162	1,793,116	-	-	28,369,950
	<b>115,443</b>	<b>160,813,025</b>	<b>477,759,596</b>	<b>1,763,236,862</b>	<b>116,793,387</b>	<b>340,018,094</b>	<b>50,082,426</b>	<b>2,908,818,833</b>
<b>Liabilities</b>								
Insurance contract liabilities	-	151,432,499	468,817,285	1,753,076,420	110,174,209.00	338,234,591	48,609,460	2,870,344,464
Accounts payable and accrued expenses	-	1,193,466	1,132,065	2,802,071	69,192	688,846	125,428	6,011,068
	<b>-</b>	<b>152,625,965</b>	<b>469,949,350</b>	<b>1,755,878,491</b>	<b>110,243,401</b>	<b>338,923,437</b>	<b>48,734,888</b>	<b>2,876,355,532</b>
<b>NAV</b>	<b>1.0000</b>	<b>1.4114</b>	<b>1.5673</b>	<b>1.8672</b>	<b>1.2994</b>	<b>1.0883</b>	<b>1.3484</b>	

*COCOLIFE Global Consumer Trends Investment Fund*

This is a unitized variable life insurance investment fund based on ATRAM Global Consumer Trends Feeder Fund. This fund seeks to achieve long-term capital growth by investing all or substantially all of its assets in a collective investment scheme that invests globally in equities of companies that are predominantly engaged in the design, production or distribution of products and services related to the discretionary consumer needs of individuals.

This fund shall invest up to 100% of its total assets to its Target Fund – ATRAM Global Consumer Trends Feeder Fund and to maintain its liquidity, the fund may invest in liquid/semi-liquid assets such as:

- i. Treasury notes or bills, Certificate of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term and other government securities or bonds and other evidences of indebtedness or obligation, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or any of its instrumentalities.
- ii. Savings or time deposits with government-owned banks or commercial banks, provided that in no such case any such savings or time deposit accounts be accepted or allowed under a “bearer”, “numbered” account or other similar arrangement.

*COCOLIFE Asian Multi-Asset Income Investment Fund*

This is a unitized variable life insurance investment fund based on ATRAM Asian Multi-Asset Income Feeder Fund. This fund seeks to achieve capital growth and income over the medium to longer term by investing all or substantially all its assets in a collective investment scheme that invests primarily in Asian fixed income securities and Asian equities (including real estate investment trusts).

This fund shall invest up to 100% of its total assets to its Target Fund – ATRAM Global Consumer Trends Feeder Fund and to maintain its liquidity, the fund may invest in liquid/semi-liquid assets such as:

- i. Treasury notes or bills, Certificate of Indebtedness issued by the Bangko Sentral ng Pilipinas which are short term and other government securities or bonds and other evidences of indebtedness or obligation, the servicing and repayment of which are fully guaranteed by the Republic of the Philippines or any of its instrumentalities.
- ii. Savings or time deposits with government-owned banks or commercial banks, provided that in no such case any such savings or time deposit accounts be accepted or allowed under a “bearer”, “numbered” account or other similar arrangement.

### **37. LIFE INSURANCE COVERAGE OF COCONUT FARMERS**

Under the amended group master policy contract dated March 27, 1978, the Company agreed to provide group whole-life insurance coverage to certain coconut farmer members of the Philippine Coconut Producers Federation (Program I).

This Group insurance plan shares in the Group’s savings in mortality expenses and extra earnings in investments through policyholders’ dividends and policy benefits.

Effective April 1, 1985, the insurance coverage of the coconut farmers was converted from a whole-life insurance plan to a modified extended term insurance. The amount of insurance and other benefits remained substantially the same, except for cash surrender and policy loan privileges. Policyholders' dividends, policy benefits and the legal policy reserves maintained under the farmers' insurance program are used to sustain, until these can, the modified extended term insurance coverage of the insured coconut farmers.

On November 5, 1996, the Philippine Coconut Authority (PCA) and the CIIF-OMG signed a MOA which will expand the number of farmers covered under the Insurance Program from existing 0.60 million to 1.50 million farmers (Program II). The premium payments for the additional farmers will be taken from an insurance fund to be set up by the CIIF-OMG in keeping with their social responsibility to the coconut industry.

On August 28, 2002, the PCA and CIIF-OMG signed a MOA which proposed a further expansion of the insurance program in order to restore the insurance benefit of the remaining insured coconut farmers under Program I and II from P5,000 to P10,000 (Program III). Further, under the same program, the PCA also proposed to extend the same benefit to an additional 2.48 million coconut farmers and coconut farm workers that were not included under Programs I and II. Accordingly, the PCA and CIIF-OMG have agreed in principle to implement Program III as follows:

*Phase I*

Upgrade the insurance coverage of the existing 1.02 million insured farmers from P5,000 to P10,000 per farmer effective June 12, 2002.

*Phase II*

Provide an additional 0.85 million coconut farmers and workers with a P10,000 Group Yearly Renewable Term Coverage.

*Phase III*

Provide an additional 0.90 million coconut farmers and workers with a P10,000 Group Yearly Renewable Term Coverage.

*Phase IV*

Provide an additional 0.78 million coconut farmers and workers with a P10,000 Group Yearly Renewable Term Coverage.

### 38. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled:

(Amounts in PHP)	2025			2024 [As restated – see Note 2.1(c)]		
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
<b>Assets:</b>						
Cash and cash equivalents	919,169,293	-	919,169,293	722,496,766	-	722,496,766
Insurance receivables - net	1,090,130,170	-	1,090,130,170	1,537,763,706	-	1,537,763,706
Financial assets at FVPL	4,159,177,294	-	4,159,177,294	3,618,477,800	-	3,618,477,800
AFS financial assets	925,674,814	7,040,724,629	7,966,399,443	174,195,174	8,119,645,284	8,293,840,458
Loans and other receivables - net	1,044,584,325	3,419,956,816	4,464,541,141	1,466,628,739	3,040,320,250	4,506,948,989
Accrued income - net	141,258,281	-	141,258,281	127,365,054	-	127,365,054
Reinsurance assets	47,456,790	-	47,456,790	22,436,164	-	22,436,164
Investments in subsidiaries	-	1,687,776,208	1,687,776,208	-	1,680,776,208	1,680,776,208
Real estate inventories	332,440,321	-	332,440,321	339,376,258	-	339,376,258
Property and equipment - net	-	239,988,661	239,988,661	-	274,705,967	274,705,967
Investment properties - net	-	1,994,396,028	1,994,396,028	-	1,203,557,017	1,203,557,017
Intangible assets - net	-	94,190,174	94,190,174	-	106,418,916	106,418,916
Net pension asset	-	69,230,069	69,230,069	-	-	-
Right-of-use assets - net	-	50,779,329	50,779,329	-	21,061,414	21,061,414
Other assets - net	823,946,556	216,548,975	1,040,495,531	1,206,786,018	-	1,206,786,018
<b>Total Assets</b>	<b>9,483,837,844</b>	<b>14,813,590,889</b>	<b>24,297,428,733</b>	<b>9,215,525,679</b>	<b>14,446,485,056</b>	<b>23,662,010,735</b>
<b>Liabilities:</b>						
Insurance contract liabilities	1,793,220,901	13,831,178,571	15,624,399,472	2,946,394,787	13,814,732,659	16,761,127,446
Reserves for policy holder's dividends	250,193,318	-	250,193,318	239,410,393	-	239,410,393
Premium deposit funds	2,203,873,350	-	2,203,873,350	330,659,914	-	330,659,914
Insurance payables	74,421,465	-	74,421,465	79,142,219	-	79,142,219
Accounts payable and accrued expenses	879,558,002	-	879,558,002	1,150,386,760	-	1,150,386,760
Lease liabilities	24,480,922	28,345,647	52,826,569	18,269,920	3,969,304	22,239,224
Net pension liabilities	-	-	-	-	9,307,665	9,307,665
Deferred tax liabilities - net	-	214,862,295	214,862,295	-	1,311,742	1,311,742
Other liabilities	42,288,124	-	42,288,124	48,710,301	12,845,939	61,556,240
<b>Total Liabilities</b>	<b>5,268,036,082</b>	<b>14,074,386,513</b>	<b>19,342,422,595</b>	<b>4,812,974,294</b>	<b>13,842,167,309</b>	<b>18,655,141,603</b>

### 39. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented in the succeeding pages is the supplementary information which is required by the BIR under Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to the financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards.

(a) *Output VAT*

In 2025, the Company declared output VAT amounting to P85,068,355 which relates to its vatable sales amounting to P708,902,959. The Company has no exempt or zero-rated sales during the year.

(b) *Input VAT*

The Company's input VAT during the year amounting to P36,267 solely relates to services lodged under Other Current Assets account in the 2025 statement of financial position. The total input VAT was applied against the output VAT declared during the year.

(c) *Taxes on Importation*

The Company did not pay or accrue any landed costs, customs duties and tariff fees as it did not have any importation for the year ended December 31, 2025.

(d) *Excise Tax*

The Company did not have any transactions in 2025, which are subject to excise tax.

(e) *Documentary Stamp Tax*

Documentary stamp taxes (DST) paid and accrued in 2025 are presented below.

*(Amounts in PHP)*

On loan instruments	6,066,032
On policies issued	646,560
On others	<u>1,830,720</u>
Total	<u><b>8,543,312</b></u>

The total amount of DST paid and recognized as part of Taxes and Licenses account in the 2025 statement of comprehensive income is P138,200 [see Item (f)]. On the other hand, the amount of P8,543,312 refers to the DST borne by other parties but remitted by the Company. Pursuant to RR 09-00, the Company shall be responsible for the remittance of the DST due to the BIR regardless of who paid the DST.

(f) *All Other Taxes (Local and National)*

Other taxes paid in 2025 recognized under Taxes and licenses account under General and Administrative Expenses are as follows:

*(Amounts in PHP)*

License and permit fees	43,292,353
Real estate taxes	2,550,493
DST	138,200
Others	<u>64,205,432</u>
Total	<u><b>110,186,478</b></u>

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2025 are shown below.

*(Amounts in PHP)*

Expanded	295,373,131
Compensation and benefits	<u>66,191,862</u>
Total	<u><b>361,564,993</b></u>

The Company has no income payments subject to final withholding tax.

(h) *Deficiency Tax Assessments and Tax Cases*

As of December 31, 2025, the Company does not have any final deficiency tax assessments from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.