Delivering on Our Promise.

2025 Annual Report

Humanizing Insurance

A Legacy of Protection

Etiqa Life and General Assurance Philippines, Inc. (Etiqa Philippines) is one of the most established insurance companies in the country, with a legacy spanning more than 65 years in the Philippine insurance industry. Founded in 1958 as Star Life Insurance, the company has evolved through various transformations, mergers, and rebranding milestones later known as AsianLife before becoming what is now Etiqa Philippines. Throughout its long history, the company's commitment to providing security, protection, and peace of mind to Filipinos has remained steadfast.

In 2015, Maybank, one of Asia's leading banking groups, acquired a strategic stake in AsianLife, paving the way for its rebranding to Etiqa Philippines in 2019. This rebrand aligned the company with Etiqa International Holdings, Maybank's insurance and takaful arm headquartered in Kuala Lumpur, Malaysia, with a strong regional presence across Singapore, Indonesia, Cambodia, and the Philippines.

Today, Etiqa Philippines offers a comprehensive suite of Life, Non-Life and Takaful solutions, including Group Life, Group Medical Benefits, and Individual Life that address protection, savings, and investment needs. It is the only insurer in the Philippines with a composite license that offers both conventional insurance and Takaful, enabling the company to serve a wider market through inclusive, ethical, and Shariah-compliant protection solutions under one unified brand.

Strengthened by its bancassurance partnership with Maybank Philippines, Etiqa Philippines continues to expand access to personal Life and Non-Life products while upholding strong governance, customer-centricity, and its purpose of humanizing insurance for every Filipino.

Transforming with **Purpose,** **Growing** with Confidence.

The year 2025 marked a transformative chapter for Etiqa Philippines—one defined by decisive leadership, strategic capability building, and a renewed commitment to sustainable growth. Amid a dynamic and challenging business environment, the Company embarked on a journey to strengthen its foundations, accelerate innovation, and position itself for long-term success.

A significant milestone during the year was the onboarding of a new President and Chief Executive Officer, whose leadership ushered in a renewed strategic direction for the organization. This was complemented by the appointment of key executives across Finance, Legal, Operations, Compliance, Risk Management, and other critical functions, strengthening the Company's governance framework, operational capabilities, and organizational resilience. Together, the leadership team laid the foundation for a stronger, more agile, and future-ready Etiqa Philippines.

The Company's commitment to sound governance was further recognized through its consecutive receipt of the Two Golden Arrows Award from the Institute of Corporate Directors (ICD). This distinction reflects Etiqa Philippines' continued adherence to high standards of corporate governance, transparency, accountability, and stakeholder stewardship. It stands as a testament to the Company's commitment to building a sustainable organization anchored on integrity, responsible leadership, and long-term value creation.

Another defining milestone was the successful launch of Takaful operations in July 2025, making Etiqa Philippines one of the country's pioneering Takaful operators. Leveraging the Maybank Group's and Etiqa's extensive expertise in Islamic insurance and Takaful across the ASEAN region, the Company introduced Shariah-compliant protection solutions that promote financial inclusion while addressing the evolving needs of Filipino consumers. This achievement underscored Etiqa's ability to bring regional expertise and global best practices to the Philippine market while expanding the Company's long-term growth opportunities.

Recognizing technology as a key enabler of sustainable growth, Etiqa Philippines made significant investments in digital transformation and technology modernization throughout the year. The Company enhanced its core systems and digital platforms to deliver faster, simpler, and more consistent services for customers, healthcare providers, and business partners. Continued enhancements to the Smile PH App, recognized as the Customer Service Initiative of the Year by the Insurance Asia Awards, together with the expansion of the Provider Portal, improved accessibility and service convenience across multiple touchpoints while strengthening the Company's digital ecosystem. At the same time, Etiqa Philippines reinforced its technology infrastructure, cybersecurity, and data protection capabilities to safeguard customer information, enhance privacy and security standards, and strengthen operational resilience—ensuring that every digital interaction is secure, reliable, and built on trust.

The Company's customer-centric transformation was reflected in a remarkable improvement in customer advocacy and satisfaction. Through enhanced service delivery, proactive stakeholder engagement, and a relentless focus on customer experience, Etiqa Philippines achieved a Net Promoter Score (NPS) of +70 in 2025, a dramatic turnaround from -39 in 2024. This 109-point improvement underscored the success of the Company's transformation initiatives and reflected renewed trust and confidence among customers, partners, and policyholders.

Strategic initiatives further strengthened the Company's market position. Etiqa Philippines reinforced its collaboration with more than 1,500 accredited hospitals and clinics, resulting in the elimination of hospital suspensions by year-end and significantly improving healthcare access and service continuity for policyholders. The Company also enhanced its Variable Universal Life (VUL) offerings by introducing innovative features that provide greater flexibility, enhanced protection, and more attractive investment opportunities for customers. Business reviews with brokers and client engagement forums across key markets further strengthened relationships with distribution partners and reinforced the Company's commitment to service excellence.

The Company’s transformation initiatives were supported by a resilient financial position. Total premiums reached PHP4.56 billion, supported by a solid asset base of PHP9.51 billion and a strengthened net worth of PHP2.75 billion following the PHP 500 million capital infusion during the year. The Company maintained a Composite Risk-Based Capital Ratio of 4.08x, significantly exceeding regulatory requirements and demonstrating its strong capital adequacy. While profitability was affected by the deliberate settlement of claim obligations and investments to restore operational reliability, these actions strengthened the Company’s long-term financial resilience and positioned it for sustainable, profitable growth..

More importantly, 2025 demonstrated the Company's ability to transform challenges into opportunities. Strengthened by renewed leadership, recognized governance excellence, pioneering Takaful capabilities, enhanced digital platforms, sound financial fundamentals, and a steadfast commitment to customer-centricity, Etiqa Philippines emerged stronger, more resilient, and better positioned for sustainable growth. As the Company moves forward, it remains focused on shaping the future of insurance and Takaful in the Philippines while continuing to deliver on its promise of protecting what matters most for every Filipino.

Our Vision

To be a leading ASEAN insurer in the Philippines

Our Purpose

An Insurance & Takaful Company
that makes the World a Better Place.

Our Shared Values

E **Ethical**
We strive to make profits from work that benefits humanity.

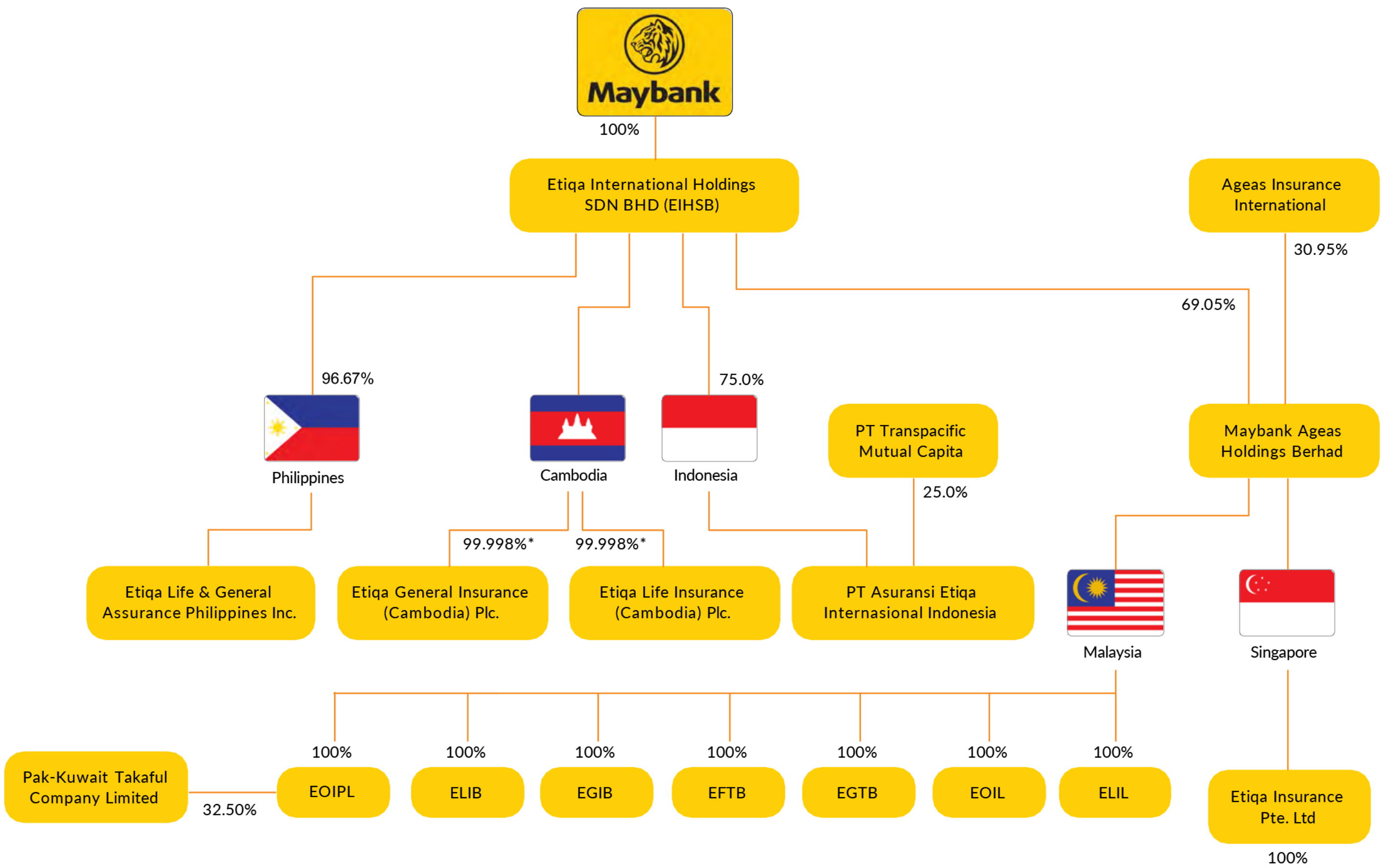
T **Trustworthy**
We provide fast and easy service with the best advice.

I **Inclusive**
We want our business partners to grow with us.

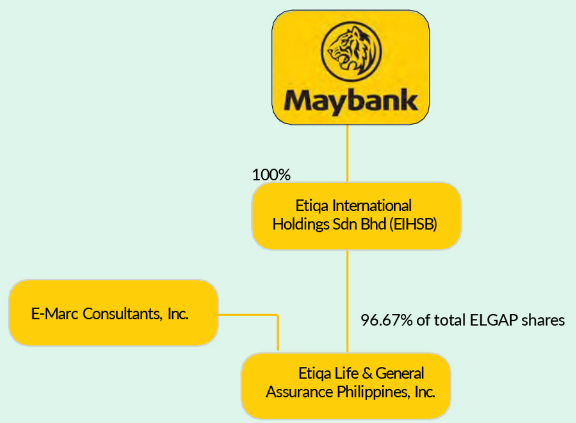
Q **Questing**
We don't stop learning.

A **Authentic**
We practice candor

N **Nurturing**
We treat customers like family.



EGIB -Etiqa General Insurance Berhad
EFTB -Etiqa Family Takaful Berhad
EGTB -Etiqa General Takaful Berhad
EOIL -Etiqa Offshore Insurance (L) Ltd
ELIL -Etiqa Life International (L) Ltd
EOIPL-Etiqa Overseas Investment Pte Ltd



Group Organizational Structure

Humanizing Insurance

Etiqa is one of ASEAN's leading insurance and takaful providers, supported by a network of more than 10,000 agents and 44 branches across the region, delivering comprehensive insurance and takaful solutions to individuals and businesses.

Our Regional Footprint

Humanizing Insurance

"Humanizing insurance begins with honoring every commitment we make and putting people at the heart of every decision."

ANTHONY LOU BERNABE
President & CEO

At Etiqa Philippines, our purpose has always been clear—to deliver on the promises we make. Every policy we issue represents a commitment to protect lives, support businesses, and stand beside our customers when they need us most. In 2025, that commitment became the driving force behind every decision we made and every transformation we pursued.

The year was a defining chapter for our organization. As I assumed the role of President and Chief Executive Officer, I saw an organization with tremendous potential—strengthened by the unwavering support of the Maybank Group, the regional expertise of Etiqa, and the dedication of our people. I also recognized the opportunity to build a stronger foundation that would enable us to consistently fulfill our promise to customers, partners, and all our stakeholders.

Throughout the year, we focused on strengthening our leadership team by welcoming experienced industry professionals into key positions, reinforcing our governance framework, and enhancing operational excellence across the organization. These initiatives were not merely about improving the way we work—they were about ensuring that every interaction with Etiqa reflects reliability, accountability, and the confidence our customers deserve. Trust is not built through words alone; it is earned by consistently delivering on our commitments.

One of our proudest milestones was the launch of our Takaful operations, making Etiqa Philippines one of the pioneering Takaful operators in the country. Backed by the extensive Islamic insurance expertise of Etiqa and the Maybank Group across the region, we introduced ethical and Shariah-compliant protection solutions that broaden financial inclusion and provide more Filipinos with access to protection that aligns with their values. This milestone reflects our commitment to making insurance more accessible, inclusive, and relevant to the communities we serve.

We also made significant investments in technology, operational resilience, and customer experience to ensure that we deliver faster, more consistent, and more secure services. By strengthening our digital capabilities and reinforcing our commitment to safeguarding customer information, we enhanced every stage of the customer journey—from onboarding to claims and after-sales support. These efforts resulted in a remarkable improvement in our Net Promoter Score, rising from -39 in 2024 to +70 in 2025. More than a performance indicator, this is a reflection of the growing confidence our customers place in us and our ability to fulfill the promises we make.

Our commitment to excellence was likewise recognized beyond our organization. We were honored to receive our second consecutive Two Golden Arrows Award from the Institute of Corporate Directors, reaffirming our dedication to good corporate governance, transparency, and responsible stewardship—principles that strengthen the confidence of our customers, partners, shareholders, and regulators.

While we are proud of what we accomplished this year, we know that delivering our promise is a continuous journey. We will continue investing in our people, strengthening our partnerships, embracing innovation, and expanding access to protection so that we remain a trusted partner through every stage of our customers' lives.

On behalf of the Management Team, I extend my sincere gratitude to our employees, customers, business partners, regulators, shareholders, and our Board of Directors for your unwavering trust and support. Your confidence inspires us to do better every day.

As we look ahead, we remain steadfast in our purpose—to protect what matters most, honor every commitment we make, and continue delivering our promise to every customer, every partner, and every community we serve.

ANTHONY LOU BERNABE
President & CEO

MODESTA MAMMUAD
OIC, Chief Financial Officer

GLENN WARREN NAVEA
Business Channels, Head

HAZEL DON
Human Capital, Head

ROLANDO PANES JR.
Legal & CorSec, Head

PHILIPPE GUZMAN
Information Technology, Head

GLADYS PASCUAL
Strategy & Transformation, Head

OLIVIA TALOMA
Medical Operations, Head

CZARINA BANAL
Operations and Service Excellence, Head

Our Management

Humanizing Insurance

Our digital touchpoints reflect our commitment to creating modern, customer-first insurance experiences. By combining innovation, accessibility, and convenience, we continue to make protection simpler, smarter, and more connected for every Filipino.

Smile PH App

Your insurance companion, right at your fingertips.

The Smile PH App gives Group Health Insurance members an easier way to manage their healthcare benefits on the go. Members can instantly view their Schedule of Benefits, manage dependents, locate accredited hospitals and clinics, request Letters of Guarantee, and file claims digitally — all within a few taps.

For Individual Life Insurance customers, the app also provides access to policy details, fund monitoring, beneficiary management, premium reminders, and profile updates. Users can even explore and purchase additional Etiqa products online, creating a more connected and convenient insurance experience.

Doctor's App

Built to support our healthcare partners.

Our Doctor's App empowers accredited healthcare providers with a streamlined digital platform for faster and more efficient servicing. Doctors can conveniently submit claims online, monitor payment status in real time, and download important documents such as BIR 2307 forms.

The platform also simplifies accreditation for new partner doctors through a digital application process, helping strengthen our healthcare network with ease.

HR Portal

Smarter benefits management for businesses.

Designed for our corporate partners, the HR Portal enables companies to efficiently manage employee Group Health Insurance coverage through a centralized platform. From enrollment updates to policy administration, the portal helps HR teams handle employee benefits more seamlessly and efficiently.

Provider's Portal

Efficient healthcare coordination at your fingertips.

The Provider's Portal enables accredited hospitals and clinics to manage insurance transactions quickly and securely through a web-based platform. Healthcare providers can request Letters of Guarantee (LOG), track medical claim payments in real time, and conveniently download Certificate of Withholding Tax (BIR Form 2307) anytime. By digitizing these essential services, the portal streamlines administrative processes, enhances operational efficiency, and supports the timely delivery of quality healthcare to our members.

Connected for Convenience

Humanizing **Insurance**

PIONEERING ETHICAL PROTECTION THROUGH TAKAFUL

In July 2025, Etiqa Philippines achieved a landmark milestone with the official launch of its Takaful business, becoming one of the country's pioneering licensed Takaful operators. The launch reflects the Company's commitment to expanding financial inclusion and providing protection solutions that cater to the diverse needs of Filipino communities.

Held at Grand Hyatt Manila, the event brought together distinguished leaders from the Philippine insurance sector, the Malaysian diplomatic community, regulators, business partners, and the Maybank-Etiqa Group. Among the esteemed guests were Deputy Insurance Commissioner Atty. Jayson P. Lopez, and His Excellency Dato' Abdul Malik Melvin Castelino, Ambassador of Malaysia to the Philippines. The event was also attended by representatives from Amanie Advisors, Etiqa Group's Shariah advisory partner and a globally recognized authority in Islamic finance, as well as strategic partners including Cebuana Lhuillier Insurance Brokers, whose extensive nationwide reach supports the expansion of Takaful protection to underserved communities across the country.

The launch highlighted the strength of the Maybank and Etiqa Group's regional leadership in Islamic finance. Backed by decades of Takaful expertise across Southeast Asia, Etiqa Philippines leverages the Group's established governance framework, operational capabilities, and Shariah-compliant practices to bring globally recognized standards to the local market. The collaboration with Amanie Advisors further reinforces the integrity of the Company's Takaful framework, ensuring adherence to the principles of mutual assistance, shared responsibility, fairness, and transparency.

As one of the first insurers licensed to offer Takaful in the Philippines, Etiqa is uniquely positioned to support the development of the country's emerging Islamic finance ecosystem. The introduction of Takaful not only broadens the Company's portfolio of protection solutions but also advances its mission of humanizing insurance by making protection more accessible, relevant, and inclusive.

The successful launch marks the beginning of a long-term commitment to developing sustainable Takaful solutions in the Philippines. Through strategic partnerships, digital innovation, and the continued transfer of knowledge and expertise from across the Maybank-Etiqa Group, Etiqa Philippines aims to create lasting value for customers while contributing to a more inclusive and resilient financial future for all Filipinos.

The launch also demonstrated the collective commitment of regulators, industry leaders, Shariah advisors, and distribution partners to advance ethical protection solutions in the country. By bringing together regional expertise, strong governance, and trusted local partnerships, Etiqa Philippines is helping lay the foundation for the growth of Takaful and Islamic finance in the years ahead.

MOHD DIN BIN MERICAN

Independent Director

Chairman of the Board:	15 April 2025 – 30 April 2026
Date of First Appointment:	16 June 2022
Date of Latest Election:	15 April 2025

Age: 63
Citizenship: Malaysian

Encik Mohd Din Merican is an Associate of the Malaysian Insurance Institute and holds a Bachelor of Commerce (Honours) degree from Carleton University, Ottawa, Canada. Encik Mohd Din has more than 4 decades of experience in the insurance industry, with extensive exposure in life and general insurance, family and general takaful, reinsurance, and retakaful.

He began his career in the insurance industry in 1985 and has held various management positions, including as Principal Officer of Scor Switzerland Ltd. (formerly Converium Ltd.), Labuan Branch, from 2000 to 2008. He subsequently joined Maybank Group as Chief Operating Officer of Maybank Ageas Holdings Berhad and Chief Executive Officer of Etiqa Insurance Berhad from 2008 to 2011, before serving as President and Group Chief Executive Officer of MNRB Holdings Berhad from 2012 to 2020.

Within the Maybank Group, Encik Mohd Din serves as Chairman of Etiqa General Takaful Berhad and Etiqa Life and General Assurance Philippines, Inc. He also sits on the Board of Etiqa International Holdings Sdn. Bhd., Maybank Ageas Holdings Berhad, and Etiqa General Insurance (Cambodia) PLC.

LOH LEE SOON

Independent Director

Vice Chairman of the Board:	15 April 2025 – 30 April 2026
Date of First Appointment:	01 January 2022
Date of Latest Election:	15 April 2025

Age: 70
Citizenship : Malaysian

Mr. Loh Lee Soon is a Member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales. He completed his accountancy studies at Liverpool John Moores University.
Mr. Loh has more than 4 decades of experience in accounting, finance, information technology, and management consulting across the United Kingdom and Southeast Asia. He began his career with Peat Marwick Mitchell & Co. in the United Kingdom before establishing his own audit and information technology consultancy practice in Malaysia.

Throughout his career, he held senior leadership positions with KPMG Consulting, Oracle Malaysia, and UEM Group, where he specialized in information technology strategy, digital transformation, banking solutions, and enterprise consulting.

Mr. Loh continues to serve as an adviser and consultant to leading Malaysian corporations while contributing to executive education and professional development. He is also the author of the book Daggers in the Shadows.
Within the Maybank Group, Mr. Loh serves as Independent Director of Etiqa General Insurance (Cambodia) Plc.

MANUEL N. TORDESILLAS

Non-Executive Director: 15 April 2025 – 30 April 2026
Date of First Appointment: 22 September 2010
Date of Latest Election: 15 April 2025

Age: 73
Citizenship: Filipino

Mr. Manuel Tordesillas holds a Master of Business Administration from Harvard Business School and a Bachelor of Science in Industrial Management Engineering (Honors) from De La Salle University.

Mr. Tordesillas has more than 40 years of experience in investment banking, capital markets, mergers and acquisitions, and corporate finance.

He has held senior leadership positions in Hong Kong and the Philippines with Bancom Development Corporation, BPI International Finance, Citicorp International, Peregrine Capital, and ATR KimEng Financial Corporation. Under his leadership, ATR KimEng received multiple industry recognitions as the Philippines' Best Domestic Equity House.

Mr. Tordesillas currently serves as Chairman of ATR Financial Holdings Inc., ATR Asset Management Inc., ATRAM Investment Management Partners Corp., MGNT Consultants Corp., and ATRAM Trust Corporation. He also sits on the boards of ATR Holdings Inc., ATR KimEng AMG Holdings Inc., East Bay Condominium Corp., Telos Energy Philippines, and Union Insulated Panel Corp.

He also served as President of the Investment House Association of the Philippines and remains active in corporate governance and business education.

EULOGIO A. MENDOZA

Non-Executive Director: 15 April 2025 – 30 April 2026
Date of First Appointment: 22 September 2010
Date of Latest Election: 15 April 2025

Age: 77
Citizenship: Filipino

Mr. Eulogio Mendoza is a Fellow of the Life Management Institute (FLMI). He obtained his Master of Arts in Business Administration from the Ateneo Graduate School of Business and earned both his Master of Arts and Bachelor of Science in Philosophy from the University of Santo Tomas.

Mr. Mendoza has over four decades of experience in life insurance, healthcare, investments, and financial services.

Throughout his career, he has served as President and Chief Executive Officer of several leading insurance companies, including Asianlife and General Assurance Corporation, Pan Philippine Life Insurance Corporation, and GE Life Insurance Company. He was also among the incorporators of PhilamCare Health Systems and Philam Plans.

Mr. Mendoza previously served as Chairman and President of several ATRKE investment funds and previously served as President of the Philippine Life Insurance Association.

HELEN T. DE GUZMAN

Independent Director: 15 April 2025 – 08 July 2025
Date of First Appointment: 15 October 2021
Date of Latest Election: 15 April 2025

Age: 67
Citizenship: Filipino

Ms. Helen De Guzman is a Certified Public Accountant, Certified Internal Auditor, and holds a global certification in Risk Management Assurance. She earned her degree in Commerce major in Accountancy from the University of Santo Tomas and an Executive Master of Business Administration from the Asian Institute of Management. Ms. De Guzman has more than 40 years of experience in internal audit, finance, risk management, and corporate governance.

She spent over three decades with Meralco, where she held various senior leadership positions, including Chief Audit Executive. Earlier in her career, she worked with Metro, Inc. and Carlos J. Valdes & Co.

Ms. De Guzman currently serves on the boards and audit committees of several organizations, including SBS Philippines Corporation, Peace and Equity Foundation, and the Institute of Corporate Directors.

NORA JUNITA BINTI MOHD HUSSAINI

Independent Director: 09 July 2025 – 30 April 2026
Date of First Appointment: 09 July 2025
Date of Latest Election: 09 July 2025

Age: 52
Citizenship: Malaysian

Cik Nora Junita Binti Mohd Hussaini is a Fellow of the Institute of Chartered Accountants in England and Wales, a Chartered Accountant with the Malaysian Institute of Accountants, and a Member of the Institute of Corporate Directors Malaysia.

Cik Nora has 30 years of experience in finance, digital transformation, technology, governance, and audit across the financial services and telecommunications industries. She has held Chief Financial Officer positions with several digital and technology companies, including MYSJ Sdn. Bhd., MDEC, iflix, Webe Digital, and Packet One Networks. Her experience spans financial leadership, digital innovation, cybersecurity oversight, and organizational transformation.

Within the Maybank Group, Cik Nora serves as an Independent Non-Executive Director of Etiqa General Takaful Berhad and Etiqa Life and General Assurance Philippines, Inc. She also chairs the Audit Committee of Maybank Ageas Holdings Berhad.

RICARDO NICANOR N. JACINTO

Independent Director: 15 April 2025 – 30 April 2026
Date of First Appointment: 14 February 2020
Date of Latest Election: 15 April 2025

Age: 65
Citizenship: Filipino

Mr. Ricardo Nicanor Jacinto holds a Bachelor of Science degree in Business Economics (Magna Cum Laude) from the University of the Philippines and a Master of Business Administration from Harvard Business School.

Mr. Jacinto has more than 30 years of experience in corporate management, banking, real estate development, and corporate governance.

He previously held senior executive positions with Ayala Corporation and Ayala Land, where he led major land acquisition and township development projects. Earlier in his career, he worked with Bankers Trust Company and AB Capital & Investment Corporation.

Mr. Jacinto currently serves as Chairman of SBS Philippines Corporation and sits on the boards of Metro Retail Stores Group Inc., and SBS Holdings Enterprises Corp. He is likewise an active Trustee and faculty member of the Institute of Corporate Directors. Within the Maybank Group, Mr. Jacinto serves as Chairman of Maybank Capital Philippines, and Maybank Securities Philippines. He also sits on the Board of Maybank Securities (Thailand) Public Co. Ltd.

ANTHONY LOU M. BERNABE

Executive Director: 15 April 2025 – 30 April 2026
Date of First Appointment: 01 January 2025
Date of Latest Election: 15 April 2025

Age: 47
Citizenship: Filipino

Mr. Anthony Lou Bernabe holds a Bachelor of Science in Business Administration from the University of the Philippines Diliman and a Master of Business Administration from the Asian Institute of Management.

Mr. Bernabe has more than 25 years of experience in the insurance and financial services industry, with extensive exposure in life insurance, non-life insurance, bancassurance, agency, corporate sales, product development, distribution management, and business transformation.

Prior to joining Etiqa Life and General Assurance Philippines, Inc. as President and Chief Executive Officer, Mr. Bernabe served as General Manager of the Insurance Business Group of Cebuana Lhuillier.

Earlier, he held senior leadership positions with BPI/MS Insurance Corporation, Asian Institute of Management, and Philam Life, where he led strategic initiatives in bancassurance, agency distribution, health and protection products, investment-linked insurance solutions, and marketing.

Earlier in his career, Mr. Bernabe held management positions with Standard Chartered Bank, Philip Morris International, and Universal Robina Corporation, gaining broad experience in business management, sales, marketing, and strategic development. Mr. Bernabe was a Professional Lecturer at De La Salle University. He also served as Board of Director at Association of Insurance Brokers of the Philippines. He was previously a licensed Soliciting Official by Insurance Commission (IC), and a Real Estate Broker by Professional Regulatory Commission (PRC).

Composition of the Board

(as of 15 April 2025 Annual Meeting)

The Board of Etiqa Philippines comprises seven (7) members as of 15 April 2025, of whom, four (4) are Independent Directors ("ID") (57.14% of total members), two (2) are Non-Independent Non-Executive Directors ("NINED") (28.57% of total members), and one (1) Executive Director ("ED") (14.29% of total members). Each Director holds one common share. The stockholders of the Company re-elected the seven (7) directors as members of Etiqa Philippines Board for 2025-2026 during the Joint Annual Stockholders and Organizational Board Meeting held on 15 April 2025.

The Company's President and Chief Executive Officer (PCEO) is the only ED on the Board, while the two (2) NINEDs, in addition to the President, are nominees of Etiqa International Holdings Sdn Bhd ("EIH"), and E-Marc Consultants, Inc. The Board is committed in maintaining diversity and inclusion in its composition and decision-making process. In this regard, the Board considers diversity from a number of different aspects, including gender, age, cultural and educational background, nationality, professional experience, skills, knowledge and length of service.

As at 15 April 2025, woman director represented 14.29% of members of the Board. There are two foreign nationals on the Board (28.57%), Encik Mohd Din Bin Merican and Mr. Loh Lee Soon, both Malaysians.

Director's Name	Type	If nominee, identify the principal	Date first elected	Date last elected (If ID, state the number of years served as ID)	Elected when (Annual/ Special Meeting)	No. of years served as director
Mohd Din Bin Merican	ID	n/a	16 June 2022	15 April 2025 (2 yrs. and 9 mos.)	Annual Meeting	2 yrs. and 9 mos.
Loh Lee Soon	ID	n/a	01 January 2022	15 April 2025 (3 yrs. and 3 mos.)	Annual Meeting	3 yrs. and 3 mos.
Anthony Lou M. Bernabe	ED	Etiqa International Holdings	01 January 2025	15 April 2025	Annual Meeting	3 mos.
Manuel N. Tordesillas	NINED	Etiqa International Holdings	22 September 2010	15 April 2025	Annual Meeting	14 yrs. and 6 mos.
Eulogio A. Mendoza	NINED	E-Marc Consultants, Inc.	22 September 2010	15 April 2025	Annual Meeting	14 yrs. and 6 mos.
Ricardo Nicanor N. Jacinto	ID	n/a	14 February 2020	15 April 2025 (5 yrs. and 2 mos.)	Annual Meeting	5 yrs. and 2 mos.
Helen T. De Guzman	ID	n/a	15 October 2021	15 April 2025 (3 yrs. and 6 mos.)	Annual Meeting	3 yrs. and 6 mos.

Changes in the Board of Directors

Ms. Helen T. De Guzman resigned as Independent Director of Etiqa Philippines effective 08 July 2025. She was replaced by Cik Nora Junita Binti Mohd Hussaini, whose appointment became effective on 09 July 2025.

Corporate Governance Practices

In compliance with the Insurance Commission's Revised Code of Corporate Governance, Etiqa Philippines strengthens its culture of integrity, trust, and sustainability through a commitment to ensure transparency and accountability, give the utmost fair benefit to its stakeholders and other related parties, and enhance its competitive advantage.

The above statement sets out a summary of Etiqa Philippines' corporate governance practices during FY2025. As at 31 December 2025, Etiqa Philippines has applied all recommended practices in the Revised Code of Corporate Governance for Insurance Commission Regulated Companies (IC Circular Letter No. 2020-71) save for Recommendation 8.4 with regard to disclosure of individual remuneration of directors and executives, and Recommendation 10.1 with regard to participation in the Philippine Catastrophe Insurance Facility (PCIF).

The application of each practice in the Revised Code of Corporate Governance is disclosed in Etiqa Philippines' Annual Corporate Governance Report (ACGR) which is available on Etiqa Philippines' corporate website at www.etiqa.com.ph/corporate-governance.

Role of the Board

The business and affairs of the Company are managed under the direction and oversight of its Board which also has the responsibility to periodically review and approve the overall strategies, business, organization and significant policies of the Company. The Board also sets the Company's core values and adopts proper standards to ensure that the Company operates with integrity and complies with the relevant rules and regulations. The Board has the responsibility to approve and periodically review the overall business strategies and significant policies of the Company, premised on sustainability and promoting ethical conduct in business dealings, understanding the major risks faced by the Company, setting acceptable levels of risk taking and ensuring that senior management takes the steps necessary to identify, measure, monitor and control these risks. The Board also approves the organizational structure and ensures that senior management is monitoring the effectiveness of the internal control system. A description of the roles and responsibilities of the Board can be found in our Board Charter which is available on Etiqa Philippines' corporate website at www.etiqa.com.ph/corporategovernance.aspx.

Review and Approval of Vision and Mission

The Board reviews and approves the vision and mission every Joint Annual Stockholders and Organizational Board Meeting to ensure that the business conducted by the Company is in line with the Company's vision and mission.

Directorship in Other Companies

Under the Board Charter on Corporate Governance, directors are not allowed to sit on the boards of more than five (5) listed companies and must hold less than fifteen (15) directorships in non-public listed companies, to ensure that their commitment, resources and time are more focused, enabling them to discharge their duties.

The Board values the experience and perspective that the non-executive directors gain from service on the boards of other companies, organizations or associations. However, prior to the acceptance of any relevant external appointments such as directorship of listed companies, organizations or other associations, non-executive directors should first consult the Chairman on such proposed appointment. In any event, such commitments should not: (i) cause a conflict of interest for the director; (ii) affect the director's independence; (iii) have potential reputational consequence to the Company; and (iv) place demands on the director's time that could hinder their ability to attend board meetings and discharge their responsibilities to the Company.

Shareholding in the Company

Director's Name	Number of Direct Shares	Number of Indirect Shares / Through (name of record owner)	% of Capital Stock
Mohd Din Bin Merican	1	n/a	0.00%
Loh Lee Soon	1	n/a	0.00%
Rico T. Bautista	1	n/a	0.00%
Manuel N. Tordesillas	1	n/a	0.00%
Eulogio A. Mendoza	1	5,529,791 common shares / E-Marc Consultants, Inc.	3.33%
Ricardo Nicanor N. Jacinto	1	n/a	0.00%
Helen T. De Guzman (resigned effective 8 July 2025)	1	n/a	0.00%
Nora Junita Binti Mohd Hussaini	1	n/a	0.00%

CHAIRMAN AND CEO

Roles, Accountabilities and Deliverables

The roles and responsibilities of the Chairman and the PCEO are separated by a clear division of responsibilities which are defined and approved by the Board in line with best practices to ensure the appropriate supervision of management. This distinction allows for better understanding and distribution of jurisdictional responsibilities and accountabilities. The clear hierarchical structure with its focused approach, facilitates efficiency and expedites informed decision-making. This policy is expressly provided under Chapter 1, Part 5, Item 9 of the Etiqa Philippines' Board Charter on Corporate Governance.

Chairman of the Board	Mohd Din Bin Merican
CEO/President	Anthony Lou M. Bernabe

Plan For Succession Of CEO/Managing Director/President And Top Key Positions

The policy on the appointments to the Board is expressly provided under Chapter 1, Part 5, Item 3 of the Board Charter on Corporate Governance, which mandates that: (i) There shall be a formal, rigorous and transparent procedure for the selection and appointment of new directors to the Board; (ii) Appointments to the Board shall be made on merit and against subjective criteria; (iii) Careful deliberation and consideration shall be done to ensure that appointees have enough tie for the job. This is particularly important in the case of Chairmanship; and (iv) Plans shall be in place for orderly succession to the Board and that of the senior management level in order to maintain a balance of appropriate skills and experiences within the Company.

With regard to the appointment of the Senior Management, the Board Charter on Corporate Governance also mandates the Board to: (i) ensure the succession planning of executives in key management positions; and (ii) plan succession, including appointing, training, fixing the compensation of and where appropriate, replacing senior management.

Other Executive, Non-Executive And Independent Directors

The Company has adopted its definition of "Independent Directors" from Insurance Commission Circular Letter No. 2018-36, which provides:

"An independent director shall refer to a person who –

1. is not or was not a regular director, officer or employee of the covered entity, its subsidiaries, affiliates or related companies during the past three (3) years counted from the date of his election/appointment;
2. is not or was not a regular director, officer, or employee of the covered entity's substantial stockholders and their related companies during the past three (3) years counted from the date of his election/appointment;
3. is not an owner of more than two percent (2%) of the outstanding shares or a stockholder with shares of stock sufficient to elect one (1) seat in the board of directors of the covered entity, or in any of its related companies or of its majority corporate shareholders;
4. is not a relative by affinity or consanguinity within the fourth (4th) degree of a director, officer, or stockholder holding shares of stock sufficient to elect one (1) seat in the board of the covered entity or any of its related companies or of any of its substantial stockholders;
5. Is not acting as a nominee or representative of any director or substantial shareholder of the covered entity, any of its related companies or any of its substantial shareholders;
6. Is not or was not retained as professional adviser, auditor, consultant, agent or counsel of the covered entity, any of its related companies or any of its substantial shareholders, either in his personal capacity or through his firm during the past three (3) years counted from the date of his election/appointment;
7. is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
8. is independent of management and free from any business or other relationship, has not engaged and does not engage in any transaction with the covered entity or with any of its related companies or with any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of his judgment;
9. was not appointed in the covered entity, its subsidiaries, affiliates or related companies as Chairman "Emeritus", "Ex-Officio", Regular Directors, Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the board of directors in the performance of its duties and responsibilities during the past three (3) years counted from the date of his election/appointment;
10. is not affiliated with any non-profit organization that receives significant funding from the covered entity or any of its related companies or substantial shareholders; and,
11. is not employed as an executive officer of another company where any of the covered entity's executives serve as regular directors.

Under the same regulation, an independent director shall serve for a maximum cumulative term of nine (9) years. An independent director who served the maximum period shall be perpetually barred from any re-election but may continue as a non-independent director. Anything to the contrary requires, prior approval of the Insurance Commission.

CHAIRMAN AND CEO

Orientation And Education Program

A comprehensive induction programme has been established to ease new directors into their role and to assist them in their understanding of the Company's business strategy and operations. New directors are required to attend the onboarding programme as soon as possible once they have been appointed. Typically, the programme includes intensive sessions with the PCEO, wherein new directors will be briefed and updated on business operations, as well as challenges and issues faced by the Company.

The Board acknowledges the importance of continuing education for the Directors to ensure that they are well equipped with the necessary skills and knowledge to perform their duties and meet the challenges facing the Board. During FY2025, the Board members attended various training programmes and workshops on issues relevant to the Maybank Group.

BOARD MEETINGS AND ATTENDANCE

Schedule Of Meetings

The meetings of the Board of Directors of Etiqa Philippines for FY2025 were held on the following dates:

Date of Board Meeting	Type of Meeting
23 January 2025	1st Regular Meeting
18 March 2025	2nd Regular Meeting
08 July 2025	3rd Regular Meeting
09 July 2025	4th Regular Meeting
10 September 2025	5th Regular Meeting
27 November 2025	6th Regular Meeting

BOARD MEETINGS AND ATTENDANCE

Details Of Attendance Of Directors
(January 2025 to December 2025)

Board	Name of Director	No. of Meetings Required to Attend during the year	No. of Meetings Attended	%
Chairman/ID	Mohd Din Bin Merican	6	6	100%
Vice Chairman/ID	Loh Lee Soon	6	6	100%
Member	Anthony Lou M. Bernabe	6	6	100%
Member	Manuel N. Tordesillas	6	6	100%
Member	Eulogio A. Mendoza	6	6	100%
Independent	Ricardo Nicanor N. Jacinto	6	6	100%
Independent	Helen T. De Guzman*	3	3	100%
Independent	Nora Junita Binti Mohd Hussaini*	3	3	100%

** Ms. Helen T. De Guzman resigned as Independent Director of Etiqa Philippines effective 08 July 2025. She was replaced by Cik Nora Junita Binti Mohd Hussaini, whose appointment became effective on 09 July 2025.*

Quorum Requirement

Under the Company's By-laws, a quorum at any Board meeting shall consist of a majority of the entire membership of the Board. A majority of the directors shall be necessary at all meetings to constitute a quorum duly assembled as a Board and every decision of at least majority of the directors present at a meeting shall be valid as a corporate act.

Access To Information

Under the Board Charter on Corporate Governance, all directors shall have access to the advices and services of the Corporate Secretary, who shall be responsible to the Board for ensuring that Board procedures are complied with.

Board meetings for the ensuing financial year are scheduled in advance before the end of the financial year, so as to allow members of the Board to plan ahead and fit the coming year's board and board committees meetings into their respective schedules.

The Chairman, with the assistance of the Corporate Secretary, takes responsibility for ensuing that the members of the Board receive accurate, timely and clear information in respect of the Company's financial and operational performance to enable the Board to make sound decision and provide the necessary advice.

Prior to each board meeting, an agenda together with the comprehensive reports for each agenda item to be discussed will be forwarded to each director at least five (5) business days before the scheduled meeting to enable the directors to obtain prior clarification or explanation, where necessary, in order to be adequately apprised before the meeting.

In response to technological advancement in the digital space, the Board has taken the initiative to implement paperless board meetings where board papers are uploaded onto a secured platform and is accessible via tablet devices.

BOARD MEETINGS AND ATTENDANCE

External Advice

Etiqa Philippines has existing Policy and Procedure on Access to Advice which ensures that the Board must be given access to independent professional advice from third party experts on any matters deliberated by the Board. In compliance with the policy and to enable the Board to discharge their duties effectively based on provided information that is accurate, complete and updated, a policy and procedure for directors to have access to independent professional advice, Senior Management and Company Secretary is set out in the said policy.

REMUNERATION MATTERS

Remuneration Process

The Maybank Group Nomination and Remuneration Committee (NRC) is authorized by the Maybank Board to develop and implement formal and transparent procedures in developing Maybank and all subsidiaries' remuneration policy for its Directors by ensuring that their compensation is competitive and consistent with industry standards. The Group NRC has established a remuneration framework for the NEDs (NED Remuneration Framework) which is subject to periodic review. In line with this principle, a Board Remuneration Review (BRR) is conducted periodically with the assistance of an independent international firm of consultants. However, for FY2025, the BRR was conducted internally led by Etiqa Group Corporate Secretarial. The main objective of the internal BRR was to verify and refresh the data provided by said consultants and to assess whether the NEDs' remuneration is still competitive.

Remuneration Policy And Structure For Directors

In accordance to Etiqa Philippines' By-Laws, each Director shall receive a reasonable per diem allowance for his actual attendance at each meeting of the Board of Directors. An additional compensation or allowance shall be given should a director serve as a member of a committee or committees of the Company. In addition to their regular per-diems the transportation, hotel accommodations of non-Filipino Directors, and other expenses are paid or reimbursed by the Company.

Aggregate Remuneration

Total annual compensation of directors for FY2025 amounted to PhP5.6 million.

Stock Rights, Options And Warrants

Etiqa Philippines has no existing policy on stock rights, options and warrants.

REMUNERATION MATTERS

Remuneration Of Management

Etiqa Philippines strives to sustain a competitive remuneration framework that reflects market standards while remaining strongly anchored in the company's values and governance principles. This "Total Rewards" approach has evolved to focus on the right compensation and benefits package, partnered with a robust career development and progression opportunities to help employees achieve their personal and professional aspirations, and at the same time, ensuring that the Company is positioned to deliver high performance. For ELGAP officers, the Group has adopted a remuneration system that is at par with the local insurance industry.

The Company' total rewards approach comprises of five (5) components:

1. **Base Pay + Guaranteed Bonuses** is the most common form of fixed monetary (cash) reward are base pay and guaranteed bonuses paid by an employer to an employee in addition to the base pay. Basic pay is benchmarked against the market rate and employee benefits are reviewed in terms of its competitiveness in the industry;
2. **Long Term Incentive Plan** is a form of Maybank Employees' Share Grant Program to selected employees for their contribution to the long-term growth of the company;
3. (**Variable Bonus** is a non-fixed monetary reward (cash) paid by an employer to an employee that is contingent on performance or results achieved and is discretionary. The most common forms of variable pay are variable performance bonuses and incentives;
4. **Benefits** are an important component of Total Rewards, providing employees with financial protection such as communication, clothing, Christmas gift cheques, meal, rice, gasoline, car benefits, transportation, Group Life, Group Hospitalization, medical and dental reimbursement, Retirement Benefit, annual leaves, paid-time-off, long term service awards, work life balance, and more; and
5. **Development, Mentoring, Cross Postings, Career Opportunities and International Assignments** are the opportunities provided to employees to chart their careers across different businesses and geography.

The most highly compensated management officers are the President and CEO, the Executive Vice Presidents and Senior Vice Presidents. The total amount spent last 2025 for ELGAP employees' compensation and benefits is Php426,512,978.00, higher than the 2024 manpower cost of Php374,111,967.00. This amount includes the salaries, bonuses, allowances, retirement provisions, and all other benefits of the officers and staff of Etiqa Philippines.

BOARD COMMITTEES

NUMBER OF MEMBERS, FUNCTIONS AND RESPONSIBILITIES

Audit Committee of the Board (ACB)

The ACB exercises oversight over the company's financial reporting, internal control system, and internal and external audit processes. The ACB is responsible for overseeing the senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide assurance in areas including reporting, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets.

The Committee is composed of Three (3) Members, all are Non-Executive Directors including the Chairperson, who is Independent. All members of the Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.

Board Risk and Compliance Oversight Committee (BRCOC)

The BRCOC is primarily responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness, and compliance with applicable laws and regulations. Enterprise risk management is integral to an effective corporate governance process and the achievement of a company's value creation objectives. Thus, the BRCOC has the responsibility to assist the Board in ensuring that there is an effective and integrated risk management process in place. With an integrated approach, the Board and top management will be in a confident position to make well-informed decisions, having taken into consideration risks related to significant business activities, plans and opportunities.

The Committee is composed of Three (3) Members, all are Non-Executive Directors including the Chairperson, who is Independent.

Corporate Governance Committee (CGC)

The CGC is tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee. The CGC is likewise tasked to ensure compliance with and proper observance of corporate governance principles and practices.

The Committee is composed of Three (3) Members, all are Independent Non-Executive Directors including the Chairperson.

Related Party Transactions Committee (RPTC)

The RPTC is primarily tasked with reviewing all material related party transactions of the company. The Committee is composed of Three (3) Members, all are Non-Executive Directors including the Chairperson, who is independent.

BOARD COMMITTEES

COMMITTEE MEMBERS AND CHANGES IN COMMITTEE MEMBERSHIP

Audit Committee of the Board (ACB)

Membership composition of ACB as of 31 December 2025 is as follows:

Name of Director	Designation
Loh Lee Soon (Independent Director)	Chairperson
Nora Junita Binti Mohd Hussaini (Independent Director)	Member
Manuel N. Tordesillas (Non-Independent Non-Executive Director)	Member

Changes in Membership Composition of ACB:

Name of Director	Designation
Helen T. De Guzman (Independent Director)	Elected Member from 19 March 2024 to 15 April 2025 (2024-2025 Term); Elected Member from 15 April 2025 until her resignation on 08 July 2025 (2025-2026 Term).
Nora Junita Binti Mohd Hussaini (Independent Director)	Elected Member replacing Ms. Helen T. De Guzman with effectivity on 09 July 2025 (2025-2026 Term).

Board Risk and Compliance Oversight Committee (BRCOC)

Membership composition of BRCOC as of 31 December 2025 is as follows:

Name of Director	Designation
Nora Junita Binti Mohd Hussaini (Independent Director)	Chairperson
Ricardo Nicanor N. Jacinto (Independent Director)	Member
Eulogio A. Mendoza (Non-Independent Non-Executive Director)	Member

Changes in Membership Composition of BRCOC:

Name of Director	Designation
Helen T. De Guzman (Independent Director)	Elected Chairperson from 19 March 2024 to 15 April 2025 (2024-2025 Term); Elected Chairperson from 15 April 2025 until her resignation on 08 July 2025 (2025-2026 Term).
Nora Junita Binti Mohd Hussaini (Independent Director)	Elected Chairperson replacing Ms. Helen T. De Guzman with effectivity on 09 July 2025 (2025-2026 Term).

BOARD COMMITTEES

COMMITTEE MEMBERS AND CHANGES IN COMMITTEE MEMBERSHIP

Corporate Governance Committee (CGC)

Membership composition of CGC as of 31 December 2025 is as follows:

Name of Director	Designation
Ricardo Nicanor N. Jacinto (Independent Director)	Chairperson
Loh Lee Soon (Independent Director)	Member
Nora Junita Binti Mohd Hussaini (Independent Director)	Member

Changes in Membership Composition of CGC:

Name of Director	Designation
Helen T. De Guzman (Independent Director)	Elected Member from 19 March 2024 to 15 April 2025 (2024-2025 Term); Elected Member from 15 April 2025 until her resignation on 08 July 2025 (2025-2026 Term).
Nora Junita Binti Mohd Hussaini (Independent Director)	Elected Member replacing Ms. Helen T. De Guzman with effectivity on 09 July 2025 (2025-2026 Term).

Related Party Transactions Committee (RPTC)

Membership composition of RPTC as of 31 December 2025 is as follows:

Name of Director	Designation
Ricardo Nicanor N. Jacinto (Independent Director)	Chairperson
Loh Lee Soon (Independent Director)	Member
Manuel N. Tordesillas (Non-Independent Non-Executive Director)	Member

Changes in Membership Composition of BRCOC: None

BOARD COMMITTEES

SCHEDULE OF MEETINGS AND DETAILS OF ATTENDANCE OF DIRECTORS

Audit Committee of the Board (ACB)

The meetings of the ACB for FY2025 were held on the following dates:

Date of Board Meeting	Type of Meeting
16 January 2025	1st Special Meeting
11 March 2025	1st Regular Meeting
05 May 2025	2nd Regular Meeting
24 June 2025	2nd Special Meeting
02 September 2025	3rd Regular Meeting
04 November 2025	4th Regular Meeting

Details of Attendance of ACB members for FY2025 are as follows:

ACB	Name of Director	No. of Meetings Required to Attend during the year	No. of Meetings Attended	%	ACB
Chairperson	Loh Lee Soon	6	6	100%	Chairperson
Member	Manuel N. Tordesillas	6	6	100%	Member
Member	Nora Junita Binti Mohd Hussaini*	2	2	100%	Member
Member	Helen T. De Guzman*	4	4	100%	Member

** Ms. Helen T. De Guzman resigned as Member of ACB of Etiqa Philippines effective 08 July 2025. She was replaced by Cik Nora Junita Binti Mohd Hussaini, whose appointment became effective on 09 July 2025.*

Board Risk and Compliance Oversight Committee (BRCOC)

The meetings of the BRCOC for FY2025 were held on the following dates:

Date of Board Meeting	Type of Meeting
26 February 2025	1st Special Meeting
17 March 2025	1st Regular Meeting
13 May 2025	2nd Regular Meeting
23 June 2025	2nd Special Meeting
26 August 2025	3rd Regular Meeting
05 November 2025	4th Regular Meeting
24 November 2025	3rd Special Meeting

BOARD COMMITTEES

SCHEDULE OF MEETINGS AND DETAILS OF ATTENDANCE OF DIRECTORS

Board Risk and Compliance Oversight Committee (BRCOC)

Details of Attendance of BRCOC members for FY2025 are as follows:

BRCOC	Name of Director	No. of Meetings Required to Attend during the year	No. of Meetings Attended	%	ACB
Chairperson	Nora Junita Binti Mohd Hussaini*	3	3	100%	Chairperson
Chairperson	Helen T. De Guzman*	4	4	100%	Chairperson
Member	Ricardo Nicanor N. Jacinto	7	7	100%	Member
Member	Eulogio A. Mendoza	7	7	100%	Member

** Ms. Helen T. De Guzman resigned as Chairperson of BRCOC of Etiqa Philippines effective 08 July 2025. She was replaced by Cik Nora Junita Binti Mohd Hussaini, whose appointment became effective on 09 July 2025.*

Corporate Governance Committee (CGC)

The meetings of the CGC for FY2025 were held on the following dates:

Date of Board Meeting	Type of Meeting
03 March 2025	1st Regular Meeting
21 March 2025	1st Special Meeting
24 June 2025	2nd Regular Meeting
28 August 2025	3rd Regular Meeting
07 October 2025	2nd Special Meeting
07 November 2025	4th Regular Meeting

Details of Attendance of CGC members for FY2025 are as follows:

CGC	Name of Director	No. of Meetings Required to Attend during the year	No. of Meetings Attended	%	ACB
Chairperson	Ricardo Nicanor N. Jacinto	6	6	100%	Chairperson
Member	Loh Lee Soon	6	6	100%	Member
Member	Nora Junita Binti Mohd Hussaini*	3	3	100%	Member
Member	Helen T. De Guzman*	3	3	100%	Member

** Ms. Helen T. De Guzman resigned as Member of CGC of Etiqa Philippines effective 08 July 2025. She was replaced by Cik Nora Junita Binti Mohd Hussaini, whose appointment became effective on 09 July 2025.*

BOARD COMMITTEES

SCHEDULE OF MEETINGS AND DETAILS OF ATTENDANCE OF DIRECTORS

Related Party Transactions Committee (RPTC)

Details of Attendance of RPTC members for FY2025 are as follows:

Date of Board Meeting	Type of Meeting
03 March 2025	1st Regular Meeting
2 September 2025	2nd Regular Meeting

Details of Attendance of RPTC members for FY2025 are as follows:

RPTC	Name of Director	No. of Meetings Required to Attend during the year	No. of Meetings Attended	%	ACB
Chairperson	Ricardo Nicanor N. Jacinto	2	2	100%	Chairperson
Member	Loh Lee Soon	2	2	100%	Member
Member	Manuel N. Tordesillas*	2	1	50%	Member

BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Board Effectiveness Evaluation (BEE)

The effectiveness of the Board is vital to the success of the Company. The Board conducts its rigorous evaluation process for FY2025 to assess the performance of the Board, Board Committees and each individual Board member. In compliance with the IC-issued Revised Code of Corporate Governance, the BEE will be conducted by an independent firm of consultants once every three years. The BEE for FY2025 was conducted internally (with the assistance of the local Corporate Secretarial Department) via questionnaires to evaluate the effectiveness of the Board and Board Committees and the performance, personality and quality aspects of individual directors as well as independence of INEDs. Taking into consideration the M25 Plan of the Maybank Group, the questionnaire was supplemented with assessments on conflict of interest, ESG priority topics and trainings.

CODE OF BUSINESS CONDUCT AND ETHICS

Policies

The Company has a Code of Ethics and Conduct Policy that sets out sound principles and standards of good practice in the insurance industry that will guide all its employees in discharging their duties. Aside from the standards, the Code also includes certain clauses which will continue to apply to the employees even after they have ceased employment with the Company.

Dissemination And Compliance With Code

Etiqa Philippines ensures that the organization operates with the highest standards. The Code of Ethics and Conduct addresses key areas such as conflicts of interest, misuse of position, misuse of information, fair and equitable treatment, relationships with customers, and confidentiality. Employees must act in the company's best interests, avoid conflicts, and maintain transparency in all business dealings. The policy covers compliance with applicable laws, proper record management, and upholding the company's reputation. In adherence to the policy, an employee annual declaration is conducted by Human Capital every month of January to affirm that the employees have read and understood the content of ELGAP Code of Ethics and Conduct.

Etiqa Philippines maintains confidentiality, particularly regarding customer information, and prohibits misuse of company resources. It provides clear instructions on handling entertainment, gifts, and external employment. Employees are required to act ethically when representing the company in any public statements or social media usage, and any breaches of this code could result in disciplinary action. Through this, Etiqa Philippines commits to ethical conduct, responsible decision making, and fostering a professional environment for all employees.

Related Party Transactions

Policies and Procedures

Under the Board Charter on Corporate Governance, the Board of Directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable members, planholders, cardholders, claimants, creditors and other stakeholders.

One of the main responsibilities of the Board is to approve all related party transactions (RPTs), those that cross the materiality threshold and write-off material exposures to related parties and submit the same for confirmation by majority vote of the stockholders in the annual stockholders' meeting. Any renewal or material changes in the terms and conditions of the RPTs shall also be approved by the board of directors. All final decisions of the board on material RPTs, including important facts about the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details that would allow stockholders to make informed judgment as to the reasonableness of the transaction, must be clearly disclosed during stockholders meetings and duly reflected in the minutes of the board and stockholders' meetings.

Conflict of Interest

Ensure that appropriate disclosure is made and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties.

Alternative Dispute Resolution

As prescribed by the Board Charter on Corporate Governance, the Board should make available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. In order to remedy any infringement or breach of their rights, the Company must adequately educate shareholders about its processes, procedures, and remedies through the Corporate Secretary. The Corporate Secretary shall ensure constant shareholder engagement by receiving feedback, complaints, and queries from the shareholders, and ensuring that all necessary information regarding the annual or special stockholders' meeting and other important Company activities are properly and timely communicated to the shareholders. On 27 November 2025, the Board adopted the Policy on Alternative Dispute Mechanism.

RISK MANAGEMENT SYSTEM

Statement On Effectiveness Of Risk Management System

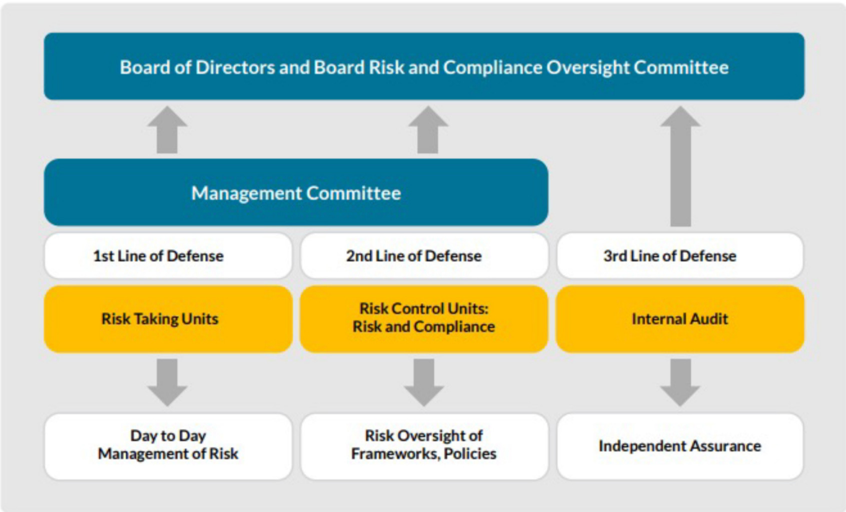
Etiqa Philippines recognizes that effective risk management is important to the achievement of its strategic objectives, financial soundness, and long-term sustainability.

Etiqa Philippines has established an Enterprise Risk Management ("ERM") Framework, which provides a structured approach for identifying, assessing, monitoring, and managing risks across the organization. This framework is supported by policies and procedures to ensure that risk management practices and processes are implemented effectively at all levels. Our Company continues to enforce a culture where risk ownership is part of the day-to-day responsibilities across all functions, reflecting the principle that risk management is a shared responsibility throughout the Company. The framework as well as supporting policies and procedures are reviewed regularly and enhanced where necessary to address evolving business and regulatory requirements.

The Board of Directors, with the support of the Board Risk and Compliance Oversight Committee (BRCOC), oversees Etiqa Philippines' risk management. The Board receives regular updates through the risk dashboard which includes updates on key risk indicators, adherence to approved risk appetite, significant risk concerns and any material incidents. These updates enable the Board to monitor the Company's risk profile, assess the effectiveness of the ERM framework and deliberate on significant risk matters as they arise. Based on these updates, the Board notes that the Etiqa Philippines' risk management systems remain adequately in place for the financial year under review.

Risk Policy And Governance Model

Etiqa Philippines' risk governance structure establishes accountability and ownership of risk management, with oversight by the Board, in accordance with its ERM Framework and the three lines of defense model.



Risk Taking Units, as the first line of defense, manage risks within their respective operations in line with established strategies, policies, and procedures. Risk Control Units, forming the second line of defense, provide oversight, guidance, and monitoring to support management of risk exposures. Internal Audit, as the third line of defense, provides independent assurance on the effectiveness of the overall risk management and internal control environment.

RISK MANAGEMENT SYSTEM

This governance structure supports segregation of duties, transparency in risk oversight, and the progressive enhancement of risk management practices across the organization.

Control System

Enterprise Analytics, Reporting and Governance

Risk governance is supported through structured reporting and oversight mechanisms, enabling Management and the Board of Directors to maintain visibility of the Company's risk profile.

Risk matters, including operational issues and key risk developments, are deliberated at the Risk and Compliance Management Committee (RCC) prior to escalation to the Board Risk and Compliance Oversight Committee (BRCOC) and the Board of Directors, where appropriate. This supports timely review of material risk matters at the relevant governance levels.

Key Risk Indicators (KRIs) form part of the Enterprise Risk Management framework and are used to monitor key risk exposures across the organization. KRIs provide an early warning mechanism by tracking selected risk metrics against defined thresholds, enabling monitoring of risk movements and areas requiring management attention. It is a forward-looking tool to facilitate monitoring and management of key operational risks to be within the tolerable level, before they translate into operational losses. KRI allows a more quantitative and dynamic approach to track and monitor risk exposures that enable business to make timely, preventative and corrective actions.

KRIs are supported by defined threshold levels and status indicators using a color-coded classification of green, amber and red to reflect the level of risk exposure and escalation requirements. These indicators support consistent monitoring of risk trends, facilitate discussion on evolving risk trends, and enable timely escalation of matters requiring attention.

Risk Landscape and Appetite are also refreshed annually to reflect the company's strategies and business objectives.

The Risk Appetite Statements (RAS) and KRIs review seeks to identify the risks most impacting strategy, each KRI provides the criteria to measure, monitor and report the level of risk. In 2025, the identified key risks are categorized from the three defined RAS:

- KRIs aligned to Secure Solvency and Capital Adequacy: Solvency Ratio, Net Worth Position, and Risk Concentration on Investment Exposures
- KRIs aligned to Deliver Stable Earnings and Growth: Liquidity Risk Ratio, Group Medical Underwriting-Combined Ratio, Overdue Receivables, and Maximum Accumulated Operational Incident or Event Losses
- KRIs aligned to Guarantee Operational Efficiencies to Enhance Stakeholders Confidence: Operational Efficiency on Medical Claims Processing, Operational Efficiency on LOG Issuance, Talent Risk, Cyber Security and Data Security, Business Disruption Preparedness, and Risk Culture

Operational Risk Management

Etiqa Philippines adopts a structured approach to managing operational risks arising from its day-to-day activities. This includes the use of Risk & Control Self-Assessment (RCSA) to facilitate identification and assessment of inherent risks and the effectiveness of controls within business processes.

The RCSA process is reviewed periodically and whenever there are significant changes to internal processes, systems, or external conditions that may affect operational risk exposure.

In addition, the Incident Management and Data Collection (IMDC) process provides a formal mechanism for reporting, tracking, and analyzing operational risk incidents from detection through to resolution. This supports root cause identification, corrective action, and the ongoing improvement of controls to minimize the likelihood of recurrence.

Operational risk management is further supported through governance processes applied in the assessment of new or revised products prior to implementation, to ensure that key risks are identified and appropriately addressed as part of product approval and operational readiness considerations.

Training Pro-activeness and Risk Awareness

Risk awareness is supported through ongoing communication and engagement initiatives aimed at promoting understanding of the Company's ERM Framework, key risk policies, and emerging risk areas. These efforts support the continued development of risk awareness across business and support functions.

Technology and Cyber Risk Management

Etiqa Philippines recognizes the importance of safeguarding information assets as part of its overall risk management framework. Cybersecurity and data protection are supported through established controls, governance mechanisms, and security practices designed to protect systems, data, and digital infrastructure from unauthorized access, vulnerabilities, and cyber threats. These controls are implemented across relevant business and support functions to maintain the confidentiality, integrity, and availability of information assets.

Business Continuity Management

Etiqa Philippines has an established Business Continuity Management ("BCM") Policy that supports ELGAP's resilience and its ability to maintain continuity of critical business functions during events of disruptions, while minimizing customer impact and protecting key stakeholders, reputation, and value-creating activities.

The BCM framework is anchored on key components including Risk Assessment ("RA"), Business Impact Analysis ("BIA"), defined recovery strategies, and documented Business Continuity Plans (BCPs), which are subject to periodic review to reflect changes in business operations, processes, and the external environment. These components collectively support the identification of potential threats, assessment of impacts on Critical Business Functions (CBFs), and the establishment of recovery approaches aligned to defined Maximum Tolerable Downtime (MTD).

Business Continuity Plan (BCP) testing was conducted as part of ongoing validation of recovery readiness and coordination across key functions. The outcomes of such exercises are used to identify areas for enhancement and to support the continuous refinement of recovery arrangements.

INTERNAL AUDIT AND CONTROL

Statement On Effectiveness Of Internal Control System

Etiqa Philippines has established a system of internal controls and risk management practices designed to safeguard assets, support reliable financial and operational reporting, ensure compliance with applicable laws and regulations, and promote the achievement of business objectives. The Board recognizes its responsibility to present a fair, balanced, and understandable assessment of the Company's position and prospects. It is accountable for reviewing and approving the effectiveness of internal controls operated by the Company, including financial, operational, and compliance controls and risk management. The Board recognizes its responsibility with respect to the Company's risk management process and system of internal control and oversees the activities of the Company's external auditors and the Company's risk management function, which have been delegated to the Audit Committee of the Board (ACB), and Board Risk and Compliance Oversight Committee (BRCOC).

Internal Audit

Internal Audit ("IA") is set up by the Board and adequately funded and staffed with personnel having the requisite skills and competencies to perform the IA function. The ACB with the authority delegated by the Board, has active oversight over the IA function including budgetary and manpower requirements.

IA, being the eyes and ears of the ACB, enhances the value of the ACB by providing value-add recommendations to enhance the effectiveness and efficiency of the Etiqa's operations and collaborating with business partners to assist Senior management to achieve strategic objectives.

On an annual basis, IA develops a risk-based and flexible audit plan approved by the ACB. Audit engagements involve understanding key risk areas and assessing the adequacy and effectiveness of controls implemented to address such risks. Audit results and corresponding recommendations are discussed with Management to support continuous control improvements. IA also monitors the implementation of agreed action plans and regularly reports the status of remediation efforts to the ACB.

ROLE OF STAKEHOLDERS

Etiqa Philippines' Policy And Activities:

	Policies	Activities
Customers' Welfare	Standardized business programs for customers	Annual review of processes
Supplier/contractor selection practice	Procurement Policy	Review of accreditation process Orientation of vendors
Environmentally friendly value-chain	Etiqa Sustainability Statements and Framework	Various activities in adopted communities
Community interaction	Etiqa Sustainability Statements and Framework	Various activities in adopted communities
Anti-corruption programmes and procedures	Anti-Bribery and Corruption Policy	Face to Face Training
Safeguarding creditors' rights	None	

Procurement Process

In 2025, the Board of Directors approved and adopted Etiqa's Procurement Policy and the Revised Procurement Manual, a strategic move that solidified Etiqa Philippines' commitment for a fair and standard guidelines that will govern all procurement activities of the company, from the initial requisition to contract closure.

To ensure consistency across the region, our Procurement Process is aligned with that of our ultimate parent company, Malayan Banking Berhad (MBB) as embodied in Etiqa Philippines's Procurement Manual. This is designed to streamline the procurement functions within the company for a fast and easy service. It governs all our procurement activities vital to our operation and is to be adhered by all business units procuring within Etiqa Philippines, as well as by our Vendors/Suppliers

This updated Procurement Policy/Manual introduces enhanced provisions to promote transparency and accountability, including the (i) **Three (3) vendor rule; (ii) ESG Assessments; (iii) Tender Offer-for-big-ticket purchases, wherein Bids submitted will be opened at the same time, duly supervised by select Tender Committee members.**

Health And Welfare Policy

The Company recognizes that people are our most valuable asset. Our investment in their health and safety, and overall welfare remains to be at the forefront of our business strategies. Employee experience and wellness is a vital part of our Human Capital structure that are essential to drive satisfaction and overall well-being giving us better leaders, more effective managers, smarter decisions, and a greater return on investment.

In 2025, Etiqa Philippines initiated a series of health and wellness initiatives aimed at raising awareness and encouraging preventive care. These included webinars and activities such as:

Title/Name	Date
Start Your 2025 Strong: Setting Your Personal Wellness Goals	January 28, 2026
Our Heart Matters	February 26, 2025
Women's Run PH – In collaboration with Maybank Philippines, Inc.	March 9, 2025
Healthy Food Choices for Your Family	March 24, 2025
Dengue Awareness	March 25, 2025
Stress Free Travel Webinar	April 22, 2025
From Flame to Healing: A Comprehensive Look at Burn Injuries	May 27, 2025
The Two-Wheeled Scenario	June 25, 2025
Dengue and Leptospirosis Awareness	August 13, 2025
Ergonomic Awareness	September 3, 2025
Obesity Awareness	September 24, 2025
Mindfulness at the Workplace	October 14, 2025

In addition, the Company provides annual physical examinations and executive check-ups for employees, flu vaccinations for employees and dependents, Standard First Aid and Basic Life Support, CPR with AED Training, and Basic Occupational Safety and Health (BOSH) Training with the Department of Labor and Employment (DOLE) and ensures that all employees are covered under Group Medical Plan.

Anti-Bribery And Corruption Policy

Etiqa Philippines is committed to conduct its business dealings with integrity. To achieve this commitment, Etiqa has adopted a zero-tolerance approach against all forms of Bribery and Corruption in carrying out its daily operations.

The Company has put in place an Anti-Bribery and Corruption ("AB&C") framework which includes policies, procedures, pre-approval processes, risk assessments, due diligence on third parties and Associated Persons*, and employee training programme.

This AB&C Policy sets out the guiding principles for Etiqa to address and manage Bribery and Corruption risks in all its dealings within and outside the Company. Compliance to this AB&C Policy is mandatory and Etiqa, its Directors and Employees and Associated Persons (AP) (where applicable) are to strictly comply with the following principles:

1. Giving or receiving bribes in participating in any form of Bribery and Corruption in its business dealings is strictly prohibited;
2. The engagements of APs and dealings with Customer and Third Party must not be for the purpose of inducing or obtaining or retaining business, gaining an unfair advantage or influencing a government or regulatory decision for Etiqa Philippines or for Personal Gain;
3. The giving or receiving of gifts and entertainment, including donations and sponsorships, whether directly or indirectly with the intention to bribe, to retain or gain a business advantage, or for Personal Gain is strictly prohibited; and
4. Actual or potential Conflict of Interest which could result in actual or potential Bribery and Corruption risk to Etiqa Philippines is prohibited

Directors and employees are strictly prohibited from making facilitation payments. Associated persons performing services for or on behalf of Etiqa Philippines are also required to comply with the above principles, where relevant.

** A person is associated with the Company if the person is a broker, partner or agent of Etiqa Philippines or if the person performs services for or on behalf of Etiqa Philippines.*

Whistleblowing Policy

Etiqa Philippines is committed to the highest standard of ethics and integrity in its conduct of business and operations. As part of this commitment, Etiqa has in place a whistleblowing programme to provide access to secured channels for disclosure of any improper conduct. The objective of this policy is to ensure that all employees and members of the public have access to secured channels to make disclosures on any improper conduct by any member or representative of Etiqa, with the assurance that there will be no repercussion against whistleblowers

Get in touch with us through the following hotlines:

AUTOMATED HOTLINES:	PROTECTED EMAIL ADDRESS:	SECURED P.O BOX MAIL ADDRESS:
1-800-160-100-83 (Local Toll-Free)	**whistleblowing@maybank.com**	**Group Compliance, P.O Box 11635, 50752 Kuala Lumpur, Malaysia**

Financial Consumer Treatment Policy

Etiqa Philippines is committed to treating all Financial Consumers fairly. We inculcate a culture where we exercise due care, skill and diligence in our dealings with our Financial Consumers. This is premised on high standards of responsible and professional conduct, thus providing our Financial Consumers with confidence when dealing with us.

The primary objectives of the Financial Consumer Fair Treatment (FCFT) Policy are as follows:

a) To ensure our dealings with Financial Consumers are in a fair, responsible and professional manner.

b) To promote a culture where the interests of our Financial Consumers are an integral part of our operations, products and services.

Data Privacy Policy

Etiqa Philippines is committed to respect and protect the privacy and confidentiality of the Data of our customers, business partners and employees.

This policy establishes the governing principles to ensure that Etiqa Philippines:

a) Manages Data in accordance with high standards of data privacy and security to uphold public trust in our business.

b) Complies with the evolving relevant privacy and data protection laws and regulations in order to prevent data breaches.

Training Programs

The Company remains committed in building a culture of continuous learning and development, recognizing that employee growth is a shared responsibility between Etiqa Philippines and its employees.

Employees are encouraged to take ownership of their professional development through the preparation of their Personal Development Plans (PDPs) in consultation with their respective Department Heads, ensuring alignment with both individual career aspirations and ELGAP priorities. One on one discussions are conducted regularly with Division or Department Heads to provide guidance and feedback.

Development initiatives are anchored on a well-rounded approach. These include Personal Development through self-reflection, self-directed learning, and continuous improvement; Experience-Based Development through participation in special projects, cross-functional assignments, and immersion programs; Relationship-Based Development though coaching and mentoring engagements; and Education-Based Development through structured training programs, e-learning modules, and professional certifications. Employees are also expected to review their prior year's PDP accomplishments and recalibrate their development plans based on identified skill gaps, competency requirements, and behavioral development areas.

Training Programs

The Company remains committed in building a culture of continuous learning and development, recognizing that employee growth is a shared responsibility between Etiqa Philippines and its employees.

Professional Certifications	Life Office Management Association
	Basic and Advanced Non-Life Insurance Courses
	Fire Insurance
	Property Insurance
	Marine Insurance
	Motor Insurance
	Reinsurance
	Engineering Claims
	Personal Accident and Health Insurance, and Comprehensive General Liability
	Specialized and Emerging Risk Programs
	Cyber (Re)Insurance
	Catastrophe Modelling under the ASEAN Reinsurance Program
	Fraud in Insurance Claims
	Industrial All Risks
	Business Interruption Insurance
Business and Functional Skills Development	Basic Excel Training
	Accounting for Non-Accountants
	Effective Business Correspondence
	Improving Grammar in Business Writing
	Effective Collection Techniques
	Supervisory Development Workshops
Corporate and Governance Programs	Corporate Governance
	Data Privacy
	Anti Money Laundering Act trainings

These programs are delivered through a mix of classroom training, virtual learning sessions and development workshops.

Dividend Policy

Dividends may be declared from the surplus profits arising from the business of the Company at such time and in such percentage as the Board may deem proper. No dividends may be declared that will impair the Company's capital. Dividends shall be declared in accordance with the law.

RIGHTS OF STOCKHOLDERS AND INVESTORS

Right To Participate Effectively In Stockholders' Meetings

The Annual Stockholders' Meeting (ASM) is a primary platform for two-way interaction between shareholders and the Board with the support of its senior management. The FY2025 Annual Stockholders' Meeting was conducted physically and through videoconferencing on 15 April 2025. The hybrid meeting was conducted in accordance with the provisions of the Revised Corporation Code of the Philippines (R.A. 11232) and SEC Memorandum Circular No. 06, Series of 2020. The meeting was attended by 9 out of 12 shareholders.

During the 2025 ASM, the PCEO gave separate presentations to shareholders on various topics, including the Company's FY2024 financial and business performance. All the questions raised by the shareholders prior to and during the meeting were shared with the shareholders during the ASM.

The Notice of the 2025 ASM was dispatched to shareholders not less than twenty one (21) days before the ASM. At that ASM, voting on each resolution was undertaken through e-polling and the poll results were immediately announced, and have since been made available on Etiqa Philippines' corporate website. The minutes the Minutes of the ASM were published on Etiqa Philippines' corporate website at www.etiqa.com.ph/corporate-governance.aspx.

Treatment Of Minority Stockholders

The Board shall be committed to respect the following rights of the stockholders, including minority stockholders:

Voting Rights

Shareholders should have the opportunity to participate effectively and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings.

Shareholder should be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full timely information regarding the issues to be decided at the meeting.

Opportunity should be provided for shareholders to ask questions of the board and to place items on the agenda at general meetings, subject to reasonable limitations.

Shareholders shall have the right to elect, remove and replace directors and vote in person or by proxy on certain corporate acts in accordance with the Corporation Code, and equal effect should be given to votes whether cast in person or by proxy.

Cumulative voting may be used in the election of directors.

A director shall not be removed without cause if it will deny minority shareholders the required representation in the Board.

Within any class, all shareholders should have the same voting rights. All investors should be able to obtain information about the voting rights attached to all classes of shares before they purchase. Any changes in voting rights should be subject to shareholder vote.

Processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.

Pre-emptive Rights

All stockholders shall have pre-emptive rights, unless the same is denied in the articles of incorporation or an amendment thereto. They shall have the right to subscribe to the capital stock of the Corporation. The Articles of Incorporation shall lay down the specific rights and powers of shareholders with respect to the particular shares they hold, all of which shall be protected by law so long as they shall not be in conflict with the Corporation Code.

Power of Inspection

All shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Corporation, Code and shall be furnished with annual reports, including financial statements, without cost or restrictions.

Right to Information

The Shareholders shall be provided, upon request, with periodic reports which disclose personal and professional information about the directors and officers and certain other matters such as their holdings of the company's shares, dealings with the company, relationships among directors and key officers, and the aggregate compensation of directors and officers.

The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meetings, provided the items are for legitimate business purposes.

The minority shareholders shall have access to any and all information relating to matters for which the management is accountable for and to those relating to matters for which the management shall include such information and, if not included, then the minority shareholders shall be allowed to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes".

Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed.

Markets for corporate control should be allowed to function in an efficient and transparent manner. Therefore, the rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions, such as mergers, and sales of substantial portions of corporate assets, should be clearly articulated and disclosed so that investors understand their and recourse. Transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders according to their class.

Anti-take-over devices should not be used to shield management from accountability.

Insider trading and abusive self-dealing should be prohibited.

Role and Rights of Stakeholders

Right to Dividends

Shareholders shall have the right to receive dividends subject to the discretion of the Board.

The company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital stock, except:

1. when justified by definite corporate expansion projects or programs approved by the Board;
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 consent and such consent has been secured;
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.

Appraisal Right

The shareholders' shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under Section 82 of the Corporation Code of the Philippines, under any of the following circumstances:

A. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

B. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; and,

C. In case of merger or consolidation. It shall be the duty of the directors to promote shareholders rights, remove impediments to the exercise of shareholders' rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

CSR Activity Report

ELGAP Corporate Social Responsibility

Date: **November 21, 2025**

Location: Barangay Amangbangan & Hundred Islands National Park, Alaminos City, Pangasinan

Total Employee Volunteers: 21

Executive Summary

On November 21, 2025, ELGAP successfully conducted a meaningful and high-impact Corporate Social Responsibility (CSR) program in Alaminos City, Pangasinan. Guided by our mission to uplift communities, support early childhood development, and protect the environment, 21 ELGAP employees volunteered and dedicated their time, talent, and compassion.

Through this unified effort, we provided assistance to 30 kindergarten students, launched a toilet and handwashing facility, empowered children with healthy habits, planted trees and contributed to the preservation of Hundred Islands.

This initiative showcased ELGAP's unwavering commitment to shaping healthier, safer, and more sustainable communities.

Community Development Activities

1. **Child Development Center Engagement**

A total of 30 kindergarten students from the Child Development Center in Barangay Amangbangan took part in a series of interactive, fun, and educational activities delivered by our volunteers in cooperation with Baranggay Chairman Eric Tucay and Sangguniang Kabataan Chairman Jhiron Ferrer.

2. Feeding Program

To support proper nutrition, ELGAP volunteers served nutritious meals to all students. The activity fostered a warm, joyful atmosphere that brought smiles to every child's face.

3. Donation of School Supplies

Each student received a complete set of school supplies—including notebooks, crayons, pencils, and hygiene kits which is essential for nurturing creativity, and improving participation in school.

4. Groundbreaking Ceremony: Handwashing & Toilet Facility

A major highlight of the visit was the groundbreaking for the new Handwashing and Toilet Facility, a project supported by ELGAP to reduce health risks, reinforce hygiene habits, and create a safer learning environment for kindergarten students.

5. Health & Hygiene Awareness Session

ELGAP employees/volunteers conducted a lively demonstration on proper oral hygiene and handwashing practices.

Children participated with excitement as they learned through songs, actions, and hands-on practice ensuring the lessons retained with them.

Environmental Sustainability Initiatives

1. Tree Planting

To contribute to long-term greening efforts in Barangay Amangbangan, volunteers planted avocado seeds, which will grow into fruit-bearing trees that provide shade and nutrition to the community.

2. Coastal Cleanup at Quezon Island, Hundred Islands

In support of the preservation of one of the Philippines' most beautiful natural treasures, ELGAP volunteers conducted a coastal cleanup on Quezon Island, Hundred Islands. Estimated coastline cleaned is 525 meters of shoreline cleared of plastic waste, food wrappers, bottles, and other debris.

The initiative supports the United Nations Sustainable Development Goals:

- UN SDG 3: Good Health & Well-being
- UN SDG 4: Quality Education
- UN SDG 6: Clean Water & Sanitation
- UN SDG 13 & 14: Climate Action & Life Below Water

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 0 1 5 5 9 2

COMPANY NAME

E T I Q A   L I F E   A N D   G E N E R A L   A S S U R A N

C E   P H I L I P P I N E S   I N C .

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

E T I Q A   A T R I U M ,   1 0 - 1 2 E   F L R S . ,

1 0 7   A G U I R R E ,   L E G A Z P I   V I L L A G E ,

M A K A T I   C I T Y ,   M E T R O   M A N I L A

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A F S	S E C	N / A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
https://www.etiqa.com.ph	8895-519	0919-0618370

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
13	April 30	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Christian James T. Alayon	ctalayon@etiqa.com.ph	8890-1758	0999 462 9188

CONTACT PERSON's ADDRESS

Etiqa Atrium, 10-12E Flrs., 107 Aguirre, Legazpi Village, Makati City, Metro Manila

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

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

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Etiqa Life and General Assurance Philippines, Inc.
Etiqa Atrium, 10-12E Floor
107 Aguirre St., Legazpi Village, Makati City, Metro Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Etiqa Life and General Assurance Philippines, Inc. (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, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Etiqa Life and General Assurance Philippines, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño
Partner
CPA Certificate No. 114462
Tax Identification No. 225-158-629
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 114462-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028
PTR No. 10765006, January 2, 2026, Makati City

April 15, 2026

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Cash and cash equivalents (Notes 6 and 28)	**₱359,876,585**	₱359,510,307
Insurance receivables (Note 7)	**1,244,770,339**	2,085,752,314
Reinsurance assets (Note 7)	**79,775,836**	151,471,469
Financial assets (Notes 8 and 28)		
At fair value through profit or loss (FVTPL)	**190,578,730**	186,718,044
At fair value through other comprehensive income (FVOCI)	**1,958,324,238**	1,964,867,267
Loans and receivables - net (Notes 8 and 28)	**775,651,779**	990,464,744
Accrued interest receivable (Notes 6 and 8)	**28,428,349**	30,770,911
Due from related parties (Note 27)	**4,220,999**	3,798,223
Segregated fund assets (Note 14)	**3,694,989,501**	3,535,969,570
Right-of-use assets - net (Note 10)	**37,110,488**	70,342,503
Property and equipment - net (Note 9)	**102,960,054**	107,179,678
Intangible assets - net (Note 9)	**469,091,893**	453,689,334
Deferred acquisition costs (Note 11)	**11,840,596**	27,947,968
Deferred tax assets - net (Note 26)	**171,429,732**	223,904,541
Other assets (Notes 12 and 28)	**379,835,815**	301,286,510
	₱9,508,884,934	₱10,493,673,383
LIABILITIES AND EQUITY		
Liabilities		
Segregated fund liabilities (Note 14)	**₱3,694,989,501**	₱3,535,969,570
Insurance contract liabilities (Note 13)	**2,034,170,435**	2,721,468,035
Accounts payable and other liabilities (Notes 15 and 27)	**391,295,332**	949,228,692
Insurance payables (Note 16)	**517,943,400**	557,704,046
Lease liabilities (Note 10)	**29,176,498**	63,984,151
Due to related parties (Note 27)	**5,001,168**	1,777,040
Pension liability - net (Note 24)	**87,155,679**	19,548,956
Total Liabilities	**6,759,732,013**	7,849,680,490
Equity		
Capital stock - issued and outstanding (Note 17)		
Common stock	**1,161,720,830**	1,161,720,830
Preferred stock	**5,005,960**	5,005,960
Contributed surplus (Note 17)	**39,784,362**	39,784,362
Deposit for future stock subscription (Note 17)	**526,206,715**	–
Other comprehensive loss		
Unrealized losses on financial assets at FVOCI (Note 8)	**(2,852,930)**	(11,835,677)
Actuarial losses on net pension liability (Note 24)	**(8,501,658)**	(5,849,505)
Remeasurement of legal policy reserves	**(18,054,517)**	(10,117,487)
Retained earnings	**1,045,844,159**	1,465,284,410
Total Equity	**2,749,152,921**	2,643,992,893
	₱9,508,884,934	₱10,493,673,383

See accompanying Notes to Financial Statements.

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
INCOME		
Gross earned premiums on insurance contracts	**₱5,319,543,438**	₱6,964,065,909
Reinsurers' share of gross earned premiums on insurance contracts	**(297,935,217)**	(449,157,358)
Net insurance premiums (Note 18)	**5,021,608,221**	6,514,908,551
Service and network fees (Note 19)	**196,236,926**	224,620,916
Interest income (Note 19)	**132,077,492**	148,958,967
Third party administration fees (Note 19)	**36,708,056**	32,685,153
Fair value gains on financial assets at FVTPL - net (Note 8)	**3,025,840**	9,663,031
Gain on sale of financial assets at FVOCI (Note 8)	**12,356,959**	13,561,464
Others (Note 19)	**53,065,713**	58,323,613
	433,470,986	487,813,144
	5,455,079,207	7,002,721,695
EXPENSES		
Underwriting Expenses - Net		
Net benefits and claims incurred on insurance contracts (Note 20)	**3,561,878,098**	4,689,785,001
Expenses for the acquisition of insurance contracts (Note 21)	**918,397,913**	1,088,689,760
Transfer to segregated funds (Note 14)	**353,654,875**	509,800,088
Net change in legal policy reserves (Note 13)	**308,110,656**	(28,146,657)
	5,142,041,542	6,260,128,192
Other Expenses		
General and administrative expenses (Note 22)	**645,135,145**	589,398,123
Interest expense (Notes 10 and 13)	**4,883,856**	5,509,741
	650,019,001	594,907,864
	5,792,060,543	6,855,036,056
INCOME (LOSS) BEFORE INCOME TAX	**(336,981,336)**	147,685,639
PROVISION FOR INCOME TAX (Note 26)	**82,158,557**	32,738,146
NET INCOME (LOSS)	**(419,139,893)**	114,947,493
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive gain (loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of debt financial assets at FVOCI during the year (Note 8)	**8,982,747**	2,807,952
Other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain (loss) on pension liability - net of tax effect (Note 24)	**(2,652,153)**	8,135,098
Remeasurement loss on life insurance reserves (Note 13)	**(7,937,030)**	(19,197,645)
	(1,606,436)	(8,254,595)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(₱420,746,329)**	₱106,692,898

See accompanying Notes to Financial Statements.

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock - Issued and Outstanding (Note 17)				Other Comprehensive Income (Loss)				
	Common Stock	Preferred Stock	Deposit for Future Stock Subscription (Note 17)	Contributed Surplus (Note 17)	Unrealized Gains (Losses) on Financial2 Assets at FVOCI (Note 8)	Actuarial Gains (Losses) on Pension Liability (Note 24)	Remeasurement loss on legal policy reserves (Note 13)	Retained Earnings (Note 17)	Total
As at January 1, 2025	**₱1,161,720,830**	**₱5,005,960**	**₱–**	**₱39,784,362**	**(₱11,835,677)**	**(₱5,849,505)**	**(₱10,117,487)**	**₱1,465,284,410**	**₱2,643,992,893**
Net loss	–	–	–	–	–	–	–	**(419,139,893)**	**(419,139,893)**
Other comprehensive income (loss)	–	–	–	–	**8,982,747**	**(2,652,153)**	**(7,937,030)**	–	**(1,606,436)**
Total comprehensive income (loss)	–	–	–	–	**8,982,747**	**(2,652,153)**	**(7,937,030)**	**(419,139,893)**	**(420,746,329)**
Capital infusion	–	–	**526,206,715**	–	–	–	–	–	**526,206,715**
Cumulative preferred stock dividends	–	–	–	–	–	–	–	**(300,358)**	**(300,358)**
As at December 31, 2025	**₱1,161,720,830**	**₱5,005,960**	**₱526,206,715**	**₱39,784,362**	**(₱2,852,930)**	**(₱8,501,658)**	**(₱18,054,517)**	**₱ 1,045,844,159**	**₱ 2,749,152,921**
As at January 1, 2024	₱1,161,720,830	₱5,005,960	₱–	₱39,784,362	(₱14,643,629)	(₱13,984,603)	₱9,080,158	₱1,350,637,275	₱2,537,600,353
Net income	–	–	–	–	–	–	–	114,947,493	114,947,493
Other comprehensive income (loss)	–	–	–	–	2,807,952	8,135,098	(19,197,645)	–	(8,254,595)
Total comprehensive income (loss)	–	–	–	–	2,807,952	8,135,098	(19,197,645)	114,947,493	106,692,898
Cumulative preferred stock dividends	–	–	–	–	–	–	–	(300,358)	(300,358)
As at December 31, 2024	₱1,161,720,830	₱5,005,960	₱–	₱39,784,362	(₱11,835,677)	(₱5,849,505)	(₱10,117,487)	₱1,465,284,410	₱2,643,992,893

See accompanying Notes to Financial Statements.

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**(₱336,981,336)**	₱147,685,639
Adjustments for:		
Decrease in provision for IBNR (Note 13)	**(311,505,484)**	(183,486,709)
Interest income (Note 19)	**(148,958,967)**	(148,958,967)
Pension expense (Notes 23 and 24)	**64,070,519**	11,293,482
Depreciation and amortization (Notes 9, 10 and 25)	**62,992,950**	65,824,010
Net change in legal policy reserves (Note 13)	**(28,146,657)**	(28,146,657)
Loss on sale of financial assets at FVOCI (Note 8)	**12,356,959**	13,561,464
Interest expense (Notes 10 and 13)	**5,319,828**	5,509,741
Recovery from impairment of financial assets at FVOCI (Note 8)	**–**	(69,434)
Operating income before working capital changes	**(680,852,188)**	(116,787,431)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	**840,981,974**	(801,220,885)
Reinsurance assets	**71,695,633**	41,590,077
Financial assets at FVTPL	**(3,860,686)**	48,215,687
Loans and receivables	**254,272,598**	44,286,646
Due from related parties	**(422,776)**	(2,950,929)
Deferred acquisition costs	**16,107,372**	(1,233,628)
Other assets	**(78,549,305)**	(81,575,248)
Increase (decrease) in:		
Insurance contract liabilities	**(355,582,489)**	519,737,270
Insurance payables	**(39,760,647)**	75,750,922
Accounts payable and other liabilities	**(558,233,715)**	(17,988,874)
Due to related parties	**3,224,128**	413,153
Net cash used in operations	**(530,980,101)**	(291,763,240)
Income taxes paid	**(28,949,235)**	(36,463,676)
Interest paid	**(856,568)**	(856,569)
Net cash used in operating activities	**(560,785,904)**	(329,083,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**152,624,057**	154,732,595
Proceeds from:		
Disposal and maturities of financial assets at FVOCI (Note 8)	**3,098,239,869**	2,073,231,186
Collections of salary loans (Note 8)	**340,820,719**	101,480,867
Acquisitions of:		
Financial assets at FVOCI (Note 8)	**(3,096,244,044)**	(1,833,213,186)
Salary loans (Note 8)	**(380,280,351)**	(159,500,068)
Property and equipment (Note 9)	**(17,609,129)**	(96,564,095)
Intangible assets (Note 9)	**(20,397,879)**	(42,857)
Net cash from investing activities	**77,153,242**	240,124,442

(Forward)

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities (Note 10)	**(₱42,207,775)**	(₱47,407,649)
Capital infusion from stockholders	**526,206,715**	–
Net cash from (used in) financing activities	**483,998,940**	(47,407,649)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**366,278**	(136,366,692)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**359,510,307**	495,876,999
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱359,876,585**	₱359,510,307

See accompanying Notes to Financial Statements.

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.
NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Etiqa Life and General Assurance Philippines, Inc. (ELGAP or the "Company") was incorporated on October 4, 2010 as AsianLife and General Insurance Corporation (ALGA), the successor-in-interest of a corporate entity which also bears the same name (the "Old ALGA" - with Securities Exchange Commission No. 14341), the corporate term of which expired on August 22, 2008.

The Company's primary purpose is to carry on the business of insurance upon lives of individuals and the business of non-life insurance; to grant contract of insurance and reinsurance providing for all risks, hazards, guarantees and contingencies to which life, accidents or health insurance is applicable and to grant or effect assurance of all kinds of payment of money by way of single payment or by several payments, or by any person of immediate or referred annuities upon the death of or upon reaching a given age by any person or persons subject or not such death or age requirement or happening of any contingency or event dependent upon human life or upon a fixed or given date.

On November 5, 2024, the Company was issued a license by the Insurance Commission (IC) to be a Takaful Operator. In 2025, the first Takaful product, Takaful Personal Accident (Takaful PA) was launched.

On November 5, 2025, BOD approved the following: a) increase in authorized capital stock of the Company from ₱1,250,000,000 to ₱3,250,000,000; b) renaming of the 50,059,600 preferred shares with par value of ₱0.10 per share as "Class A Preferred Shares;" and creating 2,000,000,000 Class B Preferred Shares with par value of ₱1.0, which is a new class of redeemable voting preference shares ("RVPS"). As of April 15, 2026, the Company is still waiting for the approval related to its application with the SEC to increase its authorized capital stock.

The Company's parent company is Etiqa International Holdings Sdn. Bhd (EIHSB or the Parent Company) domiciled in Malaysia while the Company's ultimate Parent Company is Malayan Banking Berhad of Malaysia (the Ultimate Parent Company).

As of December 31, 2025, EIHSB owns 96.67% of the total outstanding and issued shares of ELGAP, while the remaining 3.33% is owned by E-MARC Consultants, Inc.

The Company's registered office address, which is also its principal place of business, is Etiqa Atrium, 10-12E Flrs., 107 Aguirre, Legazpi Village, Makati City, Metro Manila.

2. Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) and segregated fund assets which are carried at fair value.

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

Statement of Compliance

The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

3. **Changes in Accounting Policies**

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

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

- Amendments to PAS 21, *Lack of exchangeability*

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

Effective beginning on or after January 1, 2026
- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities* and *Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*
- PFRS 17, *Insurance Contracts*

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

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

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

On December 15, 2021, the Financial and Sustainability Reporting Standards Council (FSRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission (IC) which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the International Accounting Standards Board (IASB). Thereafter, on February 14, 2025, the FSRSC approved the amendment to PFRS 17 that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2027, with comparative figures required. Early application is permitted.

The Company does not intend to early adopt PFRS 17. To date, the Company is continuously assessing the impact of the new standard and is enhancing its processes and systems to address the requirements of PFRS 17. The Company initially assessed the following impact:

Measurement model
Below are the measurement models to be adopted based on the Company's current lines of business.

- Group business - coverage period for most of the contracts is less than or equal to 1 year and thus are eligible for premium allocation approach (PAA). There are group products (group credit and group yearly renewable term with locked-in coverage) with coverage term more than a year, but they are immaterial with reserve size less than 5% of total group business. These businesses with coverage term of more than a year has passed the PAA eligibility test. Thus, group business will be adopting the PAA measurement model.

- Nonlife business - Coverage period for most of the contracts is less than or equal to 1 year, and thus eligible for PAA measurement model, except for some motor, fire and engineering contracts with coverage period greater than 1 year. PAA eligibility test has been conducted for non-life direct business. Both motor and fire are able to pass the first layer test with variance between PAA Liability for Remaining Coverage (LFRC) and General Measurement Model (GMM) LFRC over gross written premium less than 5% threshold. Engineering failed the first layer test with variance slightly higher than the threshold, however it passed the second layer test. Thus, nonlife business will be measured under PAA.

- Retail life business - Coverage period for all contracts is more than a year. Participating contracts do not meet the first criteria of the VFA test where policyholder participates in a share of a clearly identified pool of the underlying item. Investment Linked denominated in USD currency will be split out as a separate portfolio to the investment Linked denominated in Peso currency to facilitate the conversion of currency exchange during the IFRS17/PFRS 17 calculation.

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

Deferred effectivity

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

4. Material Accounting Policy Information

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

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all direct business arrangements and as an agent in all its ceded-out businesses. The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Fees from variable insurance
Fees from variable insurance are recognized when earned normally upon performance of the service and fulfillment of the Company's obligation of issuance of the policy (policy fees), and administration of the policyholder's fund (administrative fees). Surrender fees are also charged to policyholders who wish to terminate their policy earlier than the holding period.

Service and network fees
Service and network fees are recognized when earned normally upon performance of the service and fulfillment of the Company's obligation for the issuance of health cards to give network access to the policyholders.

Third party administration fee
Revenue is recognized when earned, which is upon the performance of the obligation for administration (based on the terms of the contract) of policyholder's medical and health expenses. This is satisfied upon actual processing of the client's utilization.

Other income
Income from other sources is recognized when earned.

Revenue outside the scope of PFRS 15
Premiums revenue - life
Premiums arising from life insurance contracts are generally recognized as income when received and on the issue date which coincides with the effective date of the insurance policies for the first-year premiums. Premiums from short-duration insurance contracts, such as from group health and group life are recognized as revenue over the period of the contracts using the 365th method.

For the renewal business, premiums are recognized as income when still in-force and in the process of collection. Renewal premiums from life insurance contracts are recognized as revenue by the Company and payable by the policyholder. Receivables are recorded at the date when payments are due. Premiums are shown before deduction of commissions and reinsurers' share on gross premiums.

The Company cedes insurance risk in the normal course of business as part of its risk management policy. Ceded premiums are presented in “Reinsurers’ share of gross earned premiums on insurance contracts” portion of the statement of comprehensive income.

Premiums revenue - nonlife
Gross insurance written premiums from non-life insurance comprise the total premiums receivable for the whole covered period provided by contracts entered into during the accounting period and are recognized on the date which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods.

Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using the 24th method.

The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period is accounted for as Provision for unearned premiums as part of “Insurance Contract Liabilities” in the statement of financial position. The net changes in these accounts between each end of reporting periods are recognized in profit or loss.

The Company assumes and cedes insurance risk in the normal course of business. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered as direct business, taking into account the product classification of the reinsured business. Ceded premiums are presented in “Reinsurers’ share of gross earned premiums on insurance contracts” portion of the statement of comprehensive income.

Interest income
For all interest-bearing financial assets measured at amortized cost, interest income is recognized using the effective interest method. The effective interest rate (EIR) exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or a shorter period, where appropriate, to the net carrying amount of the financial asset. The change in carrying amount is recorded as interest income for the period.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

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

<u>Benefits, Claims and Expenses Recognition</u>
Benefits and claims - Life
Benefits and claims consist of benefits and claims paid to policyholders as well as changes in the valuation of insurance contract liabilities and reserve for policyholders' dividends. These are recorded when notices of claims have been received and dividends have been incurred or when policies reach maturity. For unpaid benefits, a liability is recognized for the estimated cost of all claims made but not settled as of reporting date less reinsurance recoveries. Provision is also made for the cost of claims incurred as of reporting date but not reported (IBNR) until after the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss in the statement of comprehensive income of subsequent years. Unpaid benefits to life policies form part of policy and contract claims payable included in “Insurance Contract Liabilities” in the statement of financial position.

Benefits and claims - Non-life
Benefits and claims for non-life include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Direct costs and expenses - Life and Non-life
Commissions and other expenses for the acquisition of insurance contracts are expensed as incurred. The portion of acquisition costs for group life, group health and non-life businesses incurred during the financial period but relate to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins.

Deferred acquisition costs (DAC)
Commissions and other acquisition costs incurred during the financial period, pertaining to the group health and life, as well as for non-life businesses, that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight-line basis using the 365th or 24th method over the life of the contract. Amortization is charged against profit or loss. The unamortized acquisition costs are shown as 'Deferred acquisition costs' in the statement of financial position.

General and administrative expenses
General and administrative expenses constitute costs of administering the business. These are recognized when incurred.

Interest expense
Interest expense on accumulated policyholders' dividends and premium deposit fund is recognized in profit or loss in the statement of comprehensive income as it accrues and is calculated using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

<u>Insurance Receivables</u>
Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration to be received. The carrying value of premiums due and uncollected is reviewed for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss in the statements of comprehensive income.

Insurance receivables are derecognized following the derecognition criteria for financial instruments.

<u>Classification and Measurement of Financial Instruments</u>
Financial assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing financial assets. The Company classifies its financial assets into the following categories: financial assets at FVTPL, financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments), and financial assets measured at amortized cost. Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

Classification and measurement
Under PFRS 9, the classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets.

As part of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet the 'solely payments of principal and interest' (SPPI) test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g. if there are repayments of principal or amortization of the premium or discount).

Business model assessment
The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Company’s measurement categories are described below:

Financial assets at FVOCI
The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets included within the FVOCI category are initially recognized and subsequently measured at fair value. Movements in the carrying amount should be recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Where the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

The Company’s debt instruments at FVOCI are composed of investments in government and corporate debt securities. It includes both those directly held by the Company and those under investment management agreement (IMA) with ATRAM Trust Corporation and BPI Wealth.

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

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

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

The Company's financial assets at amortized cost includes Cash and cash equivalents (excluding cash on hand), and loans and receivables - net.

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

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

This category includes government and corporate debt securities, listed equity securities and proprietary shares, as well as investments in Mutual Funds and Unit Investment Trust Funds (UITFs) both held by the Company and those under its 02-IM-01 account (IMA account) managed by ATRAM Trust Corporation and BPI AMTC.

<u>Other Financial Liabilities</u>
Issued financial instruments or their components, which are not classified as FVTPL, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial instrument to the holder or lender, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

After initial measurement, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. The amortization is included as part of interest expense for the period. This category includes the Company's accounts payable and other liabilities (except government and statutory liabilities), due to related parties, life insurance deposit, premium deposit fund, and "claims payable and policyholders' dividends" (included under "Insurance Contract Liabilities" account in the statements of financial position).

Reclassifications
The Company reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Company and any previously recognized gains, losses or interest shall not be restated. The Company does not reclassify its financial liabilities.

The Company is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met;
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria; and
- from FVOCI to amortized cost if the objective of the business model changes so that the fair value criteria are no longer met but the amortized cost criteria is still met and the instrument's contractual cash flows meet the amortized cost criteria

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements; thus, the related assets and liabilities are presented on a gross basis in the statements of financial position.

Impairment of Financial Instruments
Expected credit loss (ECL) represents credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Company records ECL for all loans and receivables and other debt financial assets not classified as FVTPL, together with loan commitments and financial guarantee contracts using general approach.

The ECL allowance is based on the credit losses expected to arise on 12-month duration if there was no significant increase in the credit risk (SICR) of the financial asset since origination. Otherwise if a SICR is observed, then the ECL estimation is extended until the end of the life of the financial asset. The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

For insurance receivables (excluding reinsurance assets), the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk (SICR) since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposures, irrespective of the timing of the default (a lifetime ECL).

Definition of "default"
The Company defines a financial instrument as in default when it is credit impaired or becomes past due on its contractual payments for more than 180 days. As part of a qualitative assessment of whether a customer is in default, the Company considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

SICR
The credit risk of a particular exposure is deemed to have increased significantly since initial recognition, if based on the Company's aging information, the customer becomes past due over 30 days. In subsequent periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

For debt securities, the Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk.

ECL parameters and methodologies
ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

The PD is an estimate of the likelihood of default over a 12-month horizon for Stage I or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Company segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristic of the portfolio, behavior of the accounts and materiality of the segment as compared to the total portfolio.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward-looking information
The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as unemployment rate, interest payment growth and interest rates. A regression analysis is also performed to determine which of the variables best reflect the behavior of the Company's loan portfolio. However, the inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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

Derecognition of Financial Assets and Liabilities

Financial asset

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

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial liability

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

Fair Value Measurement

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

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

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

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

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

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Reinsurance
Contracts entered into by the Company with reinsurers which compensate the Company for losses on one or more contracts insured by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are classified as insurance contracts. Income from reinsurance contracts are classified within "Gross premiums on insurance contracts" in the statements of comprehensive income. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits recoverable by the Company under its reinsurance contracts are recognized as reinsurance assets. These assets consist of amounts due from reinsurers classified as "Reinsurance assets". Due to reinsurers for reinsurance contracts are recognized as an expense upon recognition of premiums on the related insurance contract, classified as "Insurance payables". Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with terms of each reinsurance contract.

The Company assesses its reinsurance assets for impairment at least annually. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in profit or loss in the statement of comprehensive income. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for financial assets.

Related Party Transactions
Related party relationships exist when one party has the ability to control or influence the other party, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely legal form.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment loss. The initial cost of property and equipment comprises its purchase price and other costs directly attributable to bringing the asset to its working condition and location for its intended use.

Depreciation and amortization are computed using the straight-line method over the estimated useful life (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter. The EUL of the different categories of property and equipment are as follows:

	Years
Office furniture, fixtures and equipment	3 - 5
Leasehold improvements	9
Transportation equipment	5

Subsequent costs are included in the asset's carrying amount or are recognized as asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to current operations when incurred.

The asset's residual values, useful lives, and depreciation and amortization method are reviewed at each reporting date and adjusted, if appropriate, to ensure that these factors and assumptions are consistent with the expected pattern of consumption of future economic benefits embodied in the asset.

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

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and any impairment loss. The initial cost of intangible assets comprises its purchase price and other costs directly attributable to bringing the asset to its working condition and location for its intended use.

Amortization is computed using the straight-line method over the estimated useful life (EUL) of the assets. The EUL of the different categories of intangible assets are as follows:

	Years
Software	10

The Company's amortization methodology for exclusive access fee is activity-based method using the new business annualized premium equivalent (NBAPE) as amortization factor.

Subsequent costs are included in the asset's carrying amount or are recognized as asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably.

The asset's residual values, useful lives, and amortization method are reviewed at each reporting date and adjusted, if appropriate, to ensure that these factors and assumptions are consistent with the expected pattern of consumption of future economic benefits embodied in the asset. An item of intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Leases

Right-of-use assets (ROU)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease arrangement based on whether the contract that conveys to the user ("the lessee") the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains more than one lease component, or a combination of leasing and services transactions, the consideration is allocated to each of these lease and non-lease components on conclusion and on each subsequent re-measurement of the contract on the basis of their relative stand-alone selling prices. The Company combines lease and non-lease components, in cases where splitting the non-lease component is not possible.

The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The recognized ROU assets are depreciated on a straight-line basis over the lease term of the related contract.

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

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

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below ₱0.3 million). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Impairment of Non-financial Assets</u>
The Company assesses whether there is any indication that its nonfinancial assets such as its ROU asset, property and equipment and intangible assets may be impaired. When an indicator of impairment exists (or when an annual impairment testing for an asset is required), the Company estimates the recoverable amount of the impaired asset. The recoverable amount is the higher of fair value less costs to sell and value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a

pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is charged to profit or loss in the period when it arises, consistent within the function of impaired assets.

For non-financial assets, an assessment is made at every reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal can be made only to the extent that the resulting carrying value does not exceed the carrying value that would have been determined, net of depreciation and amortization, had no impairment loss been recognized. Such reversal is recognized in profit or loss. After such a reversal, the depreciation and amortization are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Insurance Contract Liabilities - Life
Legal policy reserves represent the accumulated total liability for policies in-force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all insurance policies in-force as of reporting date.

For life insurance, the reserves are calculated using actuarial methods and assumptions as approved by the IC. As of December 31, 2021, the insurance contract liabilities for traditional life policies are measured using Gross Premium Valuation (GPV) method, and variable life policies are measured using unearned cost of insurance and present value of loyalty bonus methods.

For group life and group health insurance, unearned premium reserves are calculated using the 365th method.

A number of life insurance contracts issued by the Company include discretionary participation feature. This feature entitles policyholders to policy dividends whose amounts and timing of payments are under the discretion of the Company. The Company's policy dividends are computed using actuarial methods and assumptions, and are included under "Net benefits and claims incurred on insurance contracts" account in the statements of comprehensive income with the corresponding liability recognized under the "Insurance contract liabilities" account in the statements of financial position.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Company's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of comprehensive income in later years. Policy and contract claims payable forms part of the insurance contract liabilities section of the statement of financial position.

Insurance Contract Liabilities - Non-Life
Insurance contract liabilities are recognized when contracts are entered into and premiums are charged.

Provisions for claims reported, provision for claims Incurred But Not Reported (IBNR) losses, claims handling expense (CHE) and Margin for Adverse Deviation (MfAD)

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

Provision for claims IBNR pertains to amount provided for claim events that have occurred but have not been reported to the Company as of the reporting date. The provision for claims IBNR at each reporting date is calculated by using standard actuarial projection techniques (or combination of such techniques), including but not limited to the chain ladder method, the expected loss ratio approach, and the Bornhuetter-Fergusion method. The method used is determined by its appropriateness by considering the characteristics of the Company's claims data and other factors such as maturity of the business, large losses arising from significant past events, operational changes in claims and underwriting processes and external conditions.

The Company shall include an MfAD to allow for inherent uncertainty of the best estimate of the policy reserves which shall be determined at least on an annual basis based on standard projection techniques or combination of such techniques such as, but not limited to, the Mack Method, Bootstrapping Method, Stochastic Chain Ladder Method to bring the actuarial estimate of the policy liabilities at the 75% level of sufficiency.

Provision for claims handling expense (CHE) is also calculated to cover estimated expenses of settling all claims, both reported and unreported, outstanding as of the reporting date.

Quarterly, an actuarial valuation is performed on the gross and net claims and premium liabilities to ensure that the reserves are in compliance with the Valuation Standards for Non-Life Insurance Policy Reserves as required by the IC guided by Sections 219 and 220 of the Amended Insurance Code (Republic Act (RA) No. 10607) along with Circular Letters No. 2018-18 and No. 2018-19. Additional reserves are set up if the result of the actuarial investigation shows that the existing balances are not in accordance with the mandate of IC.

Premium liabilities
Premium liabilities is equal to the provision for unearned premiums plus the difference between the provision for unexpired risk and the provision for unearned premiums, net of deferred acquisition costs, if the provision for unexpired risk is greater than the provision for unearned premiums net of deferred acquisition costs. Otherwise, it is equal to the provision for unearned premiums.

Provision for unearned premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. Premiums from policy contracts with a term of exactly one year are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relate to the unexpired periods of the policies at the reporting date are accounted for as provision for unearned premiums and presented as part of "Insurance contract liabilities" in statement of financial position. The change in the provision for unearned premiums is taken to profit or loss in the order that revenue is recognized over the period of risk. Further, provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Provision for unexpired risk
Provision for unexpired risk (URR) is the best estimate that relates to expected future claim payments and related expenses to be incurred after the valuation date, arising from future events. This shall be calculated as the best estimate of future claims and expenses for all classes of business, with MfAD.

Unit Linked Insurance Contracts
The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, unit-linked contracts link payments to insurance investment funds set-up by the Company with the consideration received from the policyholders. As allowed by PFRS 4, *Insurance Contracts*, the Company chose not to unbundle the investment portion of its unit-linked products. Premiums received from the issuance of unit-linked insurance contracts pertaining to the insurance portion are recognized as premium revenue.

The Company withdraws from the consideration received from the policyholders administrative and cost of insurance charges in accordance with the provisions of the unit-linked insurance contracts.

After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies and can be withdrawn anytime.

The investment returns on the insurance investment funds belong to policyholders and the Company does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders are reflected directly in the "Segregated fund assets" and "Segregated fund liabilities" accounts in the statements of financial position. Such changes have no effect on the Company's results of operations.

The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Product Classification
The Company issues contracts that transfer insurance or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes having to pay benefits on the occurrence of an insured event such as death, accident or disability. The Company may also transfer insurance risk on insurance contracts through its reinsurance arrangements to hedge a greater possibility of claims occurring than expected. Such contracts may also transfer financial risk. As a general guideline, the Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

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

Insurance contracts may contain a premium and capital fund rider that entitles the policyholder to receive additional benefits based on the Company's investment performance. These contracts are recorded as financial liabilities under "Premium deposit fund" account in the statements of financial position. Local statutory regulation sets out a limitation on the accumulation of fund deposits and contributions.

Pension Cost
Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value

of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

(a) Service cost;
(b) Net interest on the net defined benefit liability or asset; and
(c) Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

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

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

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Bonus plans
The Company recognizes a liability and an expense for 13th month and mid-year bonus based on a formula that takes into consideration the employee's current monthly salary. The Company recognizes a provision when contractually obligated.

Income Tax
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted as at the reporting date.

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

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the reporting date.

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

Equity
Capital stock consists of common and preferred shares classified as equity. When the Company issues shares in excess of par, the excess is recognized as contributed surplus. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity, net of any tax effects.

Contributed surplus represents the contribution of the stockholders of the Company in addition to the paid-up capital stock in order to comply with the pre-licensing and capital requirements as provided under the Code.

Deposit for future stock subscription represents the consideration for future stock subscription pending SEC approval of the increase in the Company's authorized capital stock. This is classified under equity section in the statement of financial position if the following criteria for are met:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is Board of Directors' approval on the proposed increase in authorized capital stock;
- there is stockholders' approval of said proposed increase;
- and the application for the approval of the proposed increase has been filed with the SEC.

Retained earnings represent accumulated earnings of the Company less dividends declared.

Foreign Currency Transactions and Translation
The functional and presentation currency of the Company is the Philippine Peso. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All foreign exchange differences are taken to the Company's profit or loss.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of comprehensive income net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

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

5. Significant Accounting Judgments, Estimates and Assumptions

The Company makes judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosures of contingent assets and liabilities, if any, within the next financial year. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

Judgments

Product classification
The Company has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such.

Classification of financial instruments
The Company exercises judgment in classifying a financial instrument, or its component parts, on the initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the statements of financial position.

In addition, the Company classifies financial assets by evaluating, among other, 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 of whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Estimates and Assumptions
Life
Estimate of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for such claims. The primary sources of uncertainties are the frequency of claims due to contingencies covered and the timing of benefit payments.

Estimation of claims takes into account several factors such as industry average mortality experience, with adjustments to reflect Company's historical experience.

Estimate of future benefit payments and premiums arising from long-term insurance contracts
Estimates of future benefit payments depend on the expectations of future benefit payments for contingencies covered, the major ones being death and endowment benefits. The Company based these estimates on mortality and other contingency tables approved by the IC as well as future investment earnings rate of the assets backing up these liabilities, subject to the maximum rate provided under the Insurance Code of the Philippines (Insurance Code).

Source of uncertainty in the estimation of future claim payments
Although the Company has taken necessary steps to mitigate the uncertainty in the estimation of future benefit payments and premium receipts, it is still subject to the unpredictability of changes in mortality levels. The Company adopts the standard mortality table in assessing future benefit payments and premium receipts as approved by the IC.

The liability under the insurance contracts includes provisions for IBNR claims and provisions for claims in course of settlement as of reporting date. The IBNR provision is based on historical experience and is subject to a high degree of uncertainty. In 2024, the Company used the development method using completion factors for the Medical - Direct IBNR portfolio, and used the Estimation of Total Incurred Claims using Outstanding Letter of Guarantee (LOG) for the most recent three (3) incurred months. In 2025, the Company used the development method using completion factors only.

Reinsurance - assumptions and methods
The Company limits its exposure to loss within insurance operations through participation in reinsurance arrangements. Amounts receivable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented under loans and receivables.

Even though the Company may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and, thus, a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent on any reinsurance contract.

Non-life
Estimate of the ultimate liability arising from claims made under insurance contracts
For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of the IBNR claims at the reporting date. It can take a significant period of time before the ultimate claim costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position claims provision.

The method of determining such estimates and establishing reserve are continually reviewed and updated. Changes in estimates of claims cost resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period the estimates are made.

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs, claims handling costs, claims inflation factors and claim numbers for each accident year. Additional qualitative judgment is used to assess the extent to which past trends may not apply in the future, for example, one-off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Provision for unearned premiums
The proportion of written premiums, gross of commissions payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired is deferred as provision for unearned premiums. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts using either the 365th method (for group life) or 24th method (for nonlife). The portion of the premiums written that relate to the unexpired periods of the policies at end of the reporting period are accounted for as Provision for unearned premiums as part of Insurance contract liabilities and presented in the liabilities section of the statement of financial position. The change in the provision for unearned premiums is taken to profit or loss in order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Claims provision and Incurred but not reported (IBNR) losses
These liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and of certain types of claims, therefore the ultimate cost of which cannot be known with certainty at the end of the reporting period. In estimating the ultimate cost of the claims incurred, we used the following methods: claims

development method; Bornhuetter-Ferguson method; and expected claims method. The liability is not discounted for the time value of money and includes a provision for margin for adverse deviation. The liability is derecognized when the contract is discharged, cancelled or has expired.

Recognition of deferred tax assets
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available against which all or part of the tax benefits can be utilized. However, there is no absolute assurance that sufficient taxable income will be generated in the near foreseeable future to allow all or part of the recognized deferred tax assets to be utilized.

The net deferred tax assets as of December 31, 2025 and 2024 are disclosed in Note 26.

Pension and other retirement benefits
The cost of defined benefit pension plans and other post-employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The net pension liability as of December 31, 2025 and 2024 are disclosed in Note 24.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases are based on expected future inflation rates for the Philippines.

Further details about the assumptions used are provided in Note 24.

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

6. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱238,239**	₱150,834
Cash in banks	**211,819,445**	294,495,724
Cash equivalents	**147,818,901**	64,863,749
	₱359,876,585	₱359,510,307

Cash in banks and cash equivalents earn annual interest ranging from 0.25% to 5.625% in 2025 and from 0.25% to 5.50% in 2024. Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company and earn interest at the prevailing short-term deposit rates.

Interest income from cash in banks and cash equivalents amounted to ₱4.7 million and ₱8.8 million in 2025 and 2024, respectively (see Note 19). Accrued interest income amounted to ₱0.4 million and ₱0.2 million as of December 31, 2025 and 2024, respectively.

Based on management's assessment, an allowance for impairment has been recognized for the Company's cash equivalents. The roll forward analysis of the impairment allowance follows:

	2025	2024
At January 1	**₱24**	₱38
Reversal of impairment losses	–	(14)
At December 31	**₱24**	₱24

7. Insurance Receivables and Reinsurance Assets

Insurance Receivables
This account consists of:

	2025	2024
Premiums due and uncollected	**₱752,011,996**	₱1,569,318,439
Reinsurance recoverable on paid losses	**551,197,253**	562,584,757
	1,303,209,249	2,131,903,196
Less: Allowance for impairment	**58,438,910**	46,150,883
	₱1,244,770,339	₱2,085,752,313

Premiums due and uncollected consist of premiums already billed by the Company to its clients but remain unpaid at the end of the reporting period.

Reinsurance recoverable on paid losses pertains to the amount of claims paid in excess of the retention limit of the Company and is recoverable from the reinsurers.

The roll forward analysis of the impairment allowance follows:

	2025	2024
At January 1	**₱46,150,883**	₱51,272,114
Provision for (reversal of) impairment losses (Note 22)	**12,288,027**	(5,121,231)
At December 31	**₱58,438,910**	₱46,150,883

Reinsurance Assets
This account consists of:

	2025	2024
Reinsurance recoverable for unpaid losses	**₱67,978,840**	₱74,823,554
Deferred reinsurance premiums	**11,796,996**	76,647,915
	₱79,775,836	₱151,471,469

Reinsurance recoverable on unpaid losses pertains to the amount of claims incurred in excess of the retention limit of the Company and is recoverable from the reinsurer.

Deferred reinsurance premiums pertain to the unexpired portion of the ceded policies.

8. Financial Assets

The Company's financial assets are summarized as follows:

	2025	2024
Financial assets at FVTPL	**₱190,578,730**	₱186,718,044
Financial assets at FVOCI	**1,958,324,238**	1,964,867,267
Loans and receivables	**775,651,779**	990,464,744
	₱2,924,554,747	₱3,142,050,055

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

(a) Financial assets at FVTPL

	2025	2024
Mutual funds	**₱103,115,070**	₱100,388,081
Unit investment trust fund	**67,014,427**	69,878,474
Seed capital on unit-linked investment funds (Note 14)	**16,000,000**	12,000,000
Proprietary shares	**4,370,280**	4,370,280
Listed equity securities	**78,953**	81,209
	₱190,578,730	₱186,718,044

A portion of the investments in unit investment trust fund, mutual funds and the Company's seed capital on its unit-linked investment funds are managed by ATRAM Trust Corporation and BPI Asset Management and Trust Corporation under an investment management agreement (IMA), with no guaranteed rate of return. These investments under IMA amounted to ₱158.2 million and ₱158.4 million as of December 31, 2025 and 2024, respectively.

The movements in financial assets at FVTPL follows:

	2025	2024
At January 1	**₱186,718,044**	₱234,933,731
Additions	**170,401,716**	6,580,011
Disposals	**(169,566,870)**	(64,458,729)
Fair value gains on financial assets at FVTPL	**3,025,840**	9,663,031
At December 31	**₱190,578,730**	₱186,718,044

(b) Financial assets at FVOCI

	2025	2024
Government debt securities	**₱1,345,473,452**	₱1,807,738,452
Corporate debt securities	**613,398,346**	157,676,375
	1,958,871,798	1,965,414,827
Less: Allowance for impairment	**547,560**	547,560
	₱1,958,324,238	₱1,964,867,267

Significant portion of the investments in government and corporate debt securities are managed by ATRAM Trust Corporation and BPI Wealth, under an IMA, with no guaranteed rate of return. These investments under IMA amounted to ₱935.1 million and ₱1.4 billion as of December 31, 2025 and 2024, respectively.

The movements in financial assets at FVOCI follows:

	2025	2024
At January 1	**₱1,964,867,267**	₱2,217,235,066
Additions	**3,096,244,044**	1,833,213,186
Disposals	**(3,110,596,829)**	(2,086,792,650)
Changes in fair value	**9,132,284**	3,874,055
Movement in expected credit losses (ECL)	**–**	69,434
Amortization of premium	**(1,322,528)**	(2,731,824)
At December 31	**₱1,958,324,238**	₱1,964,867,267

An analysis of the cost and market value of financial assets at FVOCI follow:

	2025	2024
Market value, net of impairment	**₱1,958,324,238**	₱1,964,867,267
Amortized cost	**1,961,591,794**	1,976,929,654
Unrealized losses on financial assets at FVOCI	**(3,267,556)**	(12,062,387)
Deferred income tax	**414,626**	226,710
Unrealized losses on financial assets at FVOCI recognized in equity	**(₱2,852,930)**	(₱11,835,677)

The "Unrealized losses on financial assets at FVOCI" is recognized in the equity section of the statements of financial position while the movements thereof are shown as part of "Other comprehensive income" in the statements of comprehensive income.

The roll forward analysis of unrealized gains (losses) on financial assets at FVOCI follow:

	2025	2024
At January 1	**(₱11,835,677)**	(₱14,643,629)
Fair value gain (losses) recognized in OCI	**(3,224,674)**	(9,687,408)
Transferred to profit or loss	**12,356,959**	13,561,462
Deferred tax	**(149,538)**	(1,066,102)
At December 31	**(₱2,852,930)**	(₱11,835,677)

Interest income earned from financial assets at FVOCI including the amortization of discount amounted to ₱89.9 million and ₱105.0 million in 2025 and 2024, respectively (see Note 19).

Accrued interest income amounted to ₱12.5 million and ₱29.0 million as of December 31, 2025 and 2024, respectively.

An allowance for impairment has been recognized for financial assets at FVOCI. The roll forward analysis follows:

	2025	2024
At January 1	**₱547,560**	₱616,994
Reversal of impairment losses	**–**	(69,434)
At December 31	**₱547,560**	₱547,560

As of December 31, government and corporate debt securities amounting to ₱320.0 million in 2025 and in 2024 were designated as restricted investments and maintained with the Bureau of Treasury in accordance with the provisions of the IC as security for the benefit of the Company's policyholders and creditors. Security fund is maintained in accordance with Chapter V Sections 378 to 385 of the Insurance Code. The amount of such fund is determined by and deposited with the IC and its purpose is to pay valid claims against insolvent insurance companies.

(c) Loans and receivables

This account consists of:

	2025	2024
Salary loans	**₱433,809,334**	₱394,349,701
Receivable from third party administration arrangements	**124,935,570**	347,027,703
Receivable from unit-linked funds	**108,406,417**	74,644,696
Due from policyholders	**81,637,553**	119,536,997
Accounts receivable	**₱22,115,666**	₱21,252,674
Policy loans	**8,509,402**	34,569,107
Mortgage loans	**7,922,128**	11,075,163
Other receivables	**33,326,321**	27,914,418
	820,662,391	1,030,370,459
Less: Allowance for impairment losses	**45,010,612**	39,905,715
	₱775,651,779	₱990,464,744

Salary loans

Salary loans represent loans to DepEd teachers, private institution employees, and Company’s employees with annual interest rates ranging from 5.7% to 9.66% in 2025 and 2024. These loans have terms ranging from six (6) to sixty (60) months and are collected through salary deductions. The noncurrent portion of the salary loans amounted to ₱407.5 million and ₱370.0 million as of December 31, 2025 and 2024, respectively. Interest income earned from salary and policy loans amounted to ₱37.4 million and ₱35.2 million in 2025 and 2024, respectively (see Note 19).

The Company has an existing Memorandum of Agreement (MOA) on Automatic Payroll Deduction System with the Department of Education (DepEd) that allows it to engage in lending operations with DepEd teachers and personnel as borrowers. The Company’s DepEd Teacher’s Salary Loan accreditation for lending has been renewed last January 20, 2026 which shall be effective until December 31, 2035.

The roll forward analysis of salary loans follow:

	2025							
	Outstanding Balance				**ECL**			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
At January 1	**₱357,434,881**	**₱10,739,147**	**₱26,175,674**	**₱394,349,702**	**₱8,067,114**	**₱987,459**	**₱11,779,053**	**₱20,833,626**
Loan releases	**380,280,351**	**–**	**–**	**380,280,351**	**8,582,724**	**–**	**–**	**8,582,724**
Collections	**(340,820,719)**	**–**	**–**	**(340,820,719)**	**(7,692,142)**	**–**	**–**	**(7,692,142)**
Other movement	**(3,041,237)**	**(1,191,283)**	**4,232,520**	**–**	**(890,583)**	**–**	**1,500,042**	**609,459**
At December 31	**₱393,853,276**	**₱9,547,864**	**₱30,408,194**	**₱433,809,334**	**₱8,067,113**	**₱987,459**	**₱13,279,095**	**₱22,333,667**

	2024							
	Outstanding Balance				ECL			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
At January 1	₱308,896,121	₱5,725,670	₱21,708,709	₱336,330,500	₱5,317,679	₱546,653	₱9,768,920	₱15,633,252
Loan releases	159,500,068	–	–	159,500,068	3,009,573	–	–	3,009,573
Collections	(101,480,867)	–	–	(101,480,867)	(1,914,821)	–	–	(1,914,821)
Other movement	(9,480,441)	5,013,476	4,466,965	–	1,654,683	440,806	2,010,133	4,105,622
At December 31	₱357,434,881	₱10,739,146	₱26,175,674	₱394,349,701	₱8,067,114	₱987,459	₱11,779,053	₱20,833,626

Receivable from third party administration arrangements
Receivable from third party administration clients represent amounts initially paid by the Company for billings made by medical providers for availment of covered employees under TPA arrangement. This is normally due within fifteen (15) days from date billed to TPA clients.

Receivables from unit-linked funds
Receivable from unit-linked funds pertains to amounts payable by fund manager (ATRAM) to the Company coming from the redemption of units of the Company's VUL products.

Due from policyholders
Due from policyholders pertains to the excess of the amount paid by the Company over the benefits of the claimant. The Company pays the entire amount incurred by the claimant during hospitalization and bills the claimant for the excess.

Accounts receivable
Accounts receivable consist mostly of receivables from employees, brokers, and SSS.

Policy loans
Policy loans pertain to loans issued to insurance policyholders. These loans are collateralized with the cash surrender value of the policyholders' insurance policy. The annual interest rate on policy loans in 2025 and 2024 is fixed at 10.0%. The policyholders may repay the policy loans any time during the effectivity of the policy and if unpaid upon surrender or maturity, the policy loan will be deducted from the surrender or maturity benefits. Interest income earned from salary and policy loans amounted to ₱37.4 million and ₱35.2 million in 2025 and 2024, respectively (see Note 19).

Mortgage loans
Mortgage loans consist of:

	2025	2024
Chattel mortgage (car loans) (Note 27)	**₱7,268,162**	₱10,421,197
Real estate mortgage (housing loans)	**653,966**	653,966
	₱7,922,128	₱11,075,163

Housing and car loans to officers and employees are collectible over a period of five (5) to fifteen (15) years through salary deduction. These loans bear annual interest ranging from 0% to 8.4% depending on the position of the employee. Interest income earned amounted to ₱0.3 million in 2025 and 2024 (see Note 19). The noncurrent portion of the mortgage loans amounted to ₱4.7 million and ₱6.5 million as of December 31, 2025 and 2024, respectively.

Other receivables
Other receivables consist of advances to officers, employees and agents.

Allowance for impairment losses
The changes in allowance for impairment losses on loans and receivables are as follows:

	2025			
	Salary loans	**Accounts and Other Receivable**	**Mortgage Loans**	**Total**
At January 1	**₱20,833,626**	**₱18,418,123**	**₱653,966**	**₱39,905,715**
Impairment (Note 22)	**1,500,041**	**3,604,856**	**–**	**5,104,897**
At December 31	**₱22,333,667**	**₱22,022,979**	**₱653,966**	**₱45,010,612**

	2024			
	Salary loans	Accounts and Other Receivable	Mortgage Loans	Total
At January 1	₱15,633,252	₱18,418,123	₱653,966	₱34,705,341
Impairment (Note 22)	5,200,374	–	–	5,200,374
At December 31	₱20,833,626	₱18,418,123	₱653,966	₱39,905,715

9. **Property and Equipment and Intangible Assets**

The rollforward analyses of property and equipment follow:

	2025			
	Office Furniture, Fixtures and Equipment	**Leasehold Improvements**	**Transportation Equipment**	**Total**
Cost				
At January 1	**₱102,020,427**	**₱121,147,595**	**₱9,079,662**	**₱232,247,684**
Additions	**7,137,057**	**6,842,429**	**3,629,643**	**17,609,129**
At December 31	**109,157,484**	**127,990,024**	**12,709,305**	**249,856,813**
Accumulated Depreciation				
At January 1	**76,693,233**	**40,338,025**	**8,036,748**	**125,068,006**
Depreciation (Note 25)	**10,929,988**	**9,612,113**	**1,286,652**	**21,828,753**
At December 31	**87,623,221**	**49,950,138**	**9,323,400**	**146,896,759**
Net Book Value	**₱21,534,263**	**₱78,039,886**	**₱3,385,905**	**₱102,960,054**

	2024			
	Office Furniture, Fixtures and Equipment	Leasehold Improvements	Transportation Equipment	Total
Cost				
At January 1	₱113,538,065	₱32,732,875	₱9,079,662	₱155,350,602
Additions	8,425,569	88,414,720	–	96,840,289
Retirement	(19,943,207)	–	–	(19,943,207)
At December 31	102,020,427	121,147,595	9,079,662	232,247,684
Accumulated Depreciation				
At January 1	84,264,238	30,037,148	7,657,507	121,958,893
Depreciation (Note 25)	12,096,008	10,300,877	379,241	22,776,126
Retirement	(19,667,013)	–	–	(19,667,013)
At December 31	76,693,233	40,338,025	8,036,748	125,068,006
Net Book Value	₱25,327,194	₱80,809,570	₱1,042,914	₱107,179,678

The rollforward analysis of intangible assets follows:

	2025		
	Computer Software	**Exclusive Access Fee**	**Total**
Cost			
At January 1	**₱54,095,306**	**₱500,000,000**	**₱554,095,306**
Additions	**20,397,879**	**–**	**20,397,879**
At December 31	**74,493,185**	**500,000,000**	**574,493,185**

(Forward)

	2025		
	Computer Software	**Exclusive Access Fee**	**Total**
Accumulated Amortization			
At January 1	**₱30,489,653**	**69,916,319**	**100,405,972**
Amortization (Note 22)	**3,138,360**	**1,856,960**	**4,995,320**
At December 31	**33,628,013**	**71,773,279**	**105,401,292**
Net Book Value	**₱40,865,172**	**₱428,226,721**	**₱469,091,893**

	2024		
	Computer Software	Exclusive Access Fee	Total
Cost			
At January 1	₱54,825,475	₱500,000,000	₱554,825,475
Additions	42,857	–	42,857
Retirement	(773,026)	–	(773,026)
At December 31	54,095,306	500,000,000	554,095,306
Accumulated Depreciation			
At January 1	26,378,391	67,935,550	94,313,941
Amortization (Note 22)	4,884,288	1,980,769	6,865,057
Retirement	(773,026)	–	(773,026)
At December 31	30,489,653	69,916,319	100,405,972
Net Book Value	₱23,605,653	₱430,083,681	₱453,689,334

Intangible assets consist of exclusive access fee and computer software used in the Company's operations. The exclusive access fee amounting to ₱500.0 million is relative to the Bancassurance agreement signed by the Company and a related party (see Note 27). The agreement took effect on January 1, 2021 for 15 years and shall automatically extinguish upon achievement of New Business Annualized Premium Equivalent even before the expiration of the term.

10. Right-of-Use Assets and Lease Liabilities

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

	2025	2024
Cost		
At January 1	**₱109,960,353**	₱6,512,191
Additions	**2,936,863**	103,448,162
Retirement	**(2,982,516)**	–
At December 31	**109,914,700**	109,960,353
Accumulated Depreciation		
At January 1	**₱39,617,850**	₱3,435,023
Depreciation charge (Note 25)	**36,168,878**	36,182,827
Retirement	**(2,982,516)**	–
At December 31	**72,804,212**	39,617,850
Net Book Value	**₱37,110,488**	₱70,342,503

Right-of-use assets pertain to leasing agreements that the Company entered into for its head office and servicing branches.

The Company also has certain short-term leasing agreements for its servicing branches and clinics. The Company applies the 'short-term lease' recognition exemption for these leases. In 2025, the Company has no more short-term leases. In 2024, the rent expense related to these short-term leases amounted to ₱15.0 million which is recognized within 'Occupancy Expense' (see Note 25).

Rental deposits amounting to ₱20.9 million and ₱20.8 million as of December 31, 2025 and 2024, respectively are included under the "Other assets" account in the statements of financial position (see Note 12).

The roll forward analysis of lease liabilities follow:

	2025	2024
At January 1	**₱63,984,151**	₱3,290,464
Additions	**2,936,863**	103,448,163
Accretion of interest	**4,463,260**	4,653,173
Payments	**(42,207,776)**	(47,407,649)
At December 31	**₱29,176,498**	₱63,984,151

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2025, and 2024.

	2025	2024
Within one year	**₱29,135,626**	₱36,258,741
More than one year to two years	**2,311,125**	37,982,336
Total	**₱31,446,751**	₱74,241,077

Non-cash additions to ROU assets
The Company has additions to ROU assets amounting to ₱2.9 million and ₱103.45 million in 2025 and 2024, respectively. This represents additions to lease liabilities during the year which are treated as non-cash in the statements of cash flow.

11. Deferred Acquisition Costs

This account consists of:

	2025	2024
Group credit life insurance	**₱4,738,475**	₱3,209,667
Non-life - fire policies	**4,108,584**	16,318,352
Non-life - motor policies	**2,420,733**	7,942,217
Individual medical policies	**298,859**	220,785
Other non-life policies	**273,945**	256,947
Total	**₱11,840,596**	₱27,947,968

Deferred acquisition costs pertain to commissions and other direct acquisition costs incurred within the year relative to the Company's group life and non-life insurance business and deferred based on the inception and expiry of the related insurance contracts.

The roll forward analysis of deferred acquisition costs follow:

	2025	2024
At January 1	**₱27,947,968**	₱26,714,340
Costs deferred during the year	**656,591,090**	825,939,283
Amortization during the year	**(672,698,462)**	(824,705,655)
At December 31	**₱11,840,596**	₱27,947,968

12. **Other Assets**

This account consists of:

	2025	2024
Creditable withholding taxes	**₱239,062,811**	₱243,912,663
Prepayments	**90,416,125**	9,604,081
Rental deposits (Notes 10 and 25)	**20,907,919**	20,886,277
Performance bond	**12,090,198**	12,090,198
Reserve fund	**572,311**	572,311
Security fund	**221,082**	221,082
Miscellaneous	**18,477,306**	15,911,835
	381,747,752	303,198,447
Allowance for impairment losses	**(1,911,937)**	(1,911,937)
	₱379,835,815	₱301,286,510

Creditable withholding taxes consist of the amounts withheld arising from premium collections to be claimed as a deduction from income tax liability. These are available for offset against income tax due.

Prepayments include advance payments made by the Company relative to documentary stamps as well as for computer maintenance contracts and prepaid income tax.

Rental deposits pertain to refundable deposits relating to the Company's various lease contracts for its home office and branches. The deposits are refundable at the end of the lease term.

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

Reserve fund consists of contingency funds which are maintained to defray claims of the insurance pools business of the Company.

Security fund is maintained in accordance with Chapter V Sections 378 to 385 of the Insurance Code. The amount of such fund is determined by and deposited with the IC and its purpose is to pay valid claims against insolvent insurance companies.

Miscellaneous assets mainly include advance payments to suppliers for ongoing projects.

13. **Insurance Contract Liabilities**

The breakdown of this account follows:

	2025	2024
Life insurance contracts	**₱1,694,409,117**	₱2,288,352,488
Non-life insurance contracts	**339,761,318**	433,115,547
	₱2,034,170,435	₱2,721,468,035

Life insurance liabilities

Life insurance contract liabilities may be analyzed as follows:

	2025	2024
Group insurance premium reserves	**₱696,790,433**	₱1,290,703,598
Claims and benefits payable	**311,046,083**	633,041,631
Legal policy reserves	**680,348,881**	359,077,445
Policyholders' dividends	**4,515,319**	4,268,304
Individual medical premium reserves	**1,708,401**	1,261,510
	₱1,694,409,117	₱2,288,352,488

The movements in group insurance premium reserves may be analyzed as follows:

	2025	2024
At January 1	**₱1,290,703,598**	₱679,673,747
New policies issued during the year	**3,461,287,775**	6,348,655,875
Premiums earned during the year (Note 18)	**(4,055,200,940)**	(5,737,626,024)
At December 31	**₱696,790,433**	₱1,290,703,598

Claims and benefits payable includes provision for IBNR as follows:

	2025	2024
Claims and benefits payable	**₱170,848,854**	₱245,970,392
Provision for IBNR	**140,197,229**	387,071,239
At December 31	**₱311,046,083**	₱633,041,631

The movements in claims and benefits payable follow:

	2025	2024
At January 1	**₱633,041,631**	₱901,190,205
Arising during the year (Note 20)	**3,647,673,798**	4,619,513,745
Decrease in IBNR	**(246,874,010)**	(98,041,450)
Paid during the year	**(3,722,795,336)**	(4,789,620,869)
At December 31	**₱311,046,083**	₱633,041,631

The movements in legal policy reserves for ordinary life policies during the year follow:

	2025	2024
At January 1	**₱359,077,444**	₱368,022,413
Net change in legal policy reserves:		
New business, reinstatement and change in policy year	**358,125,371**	31,962,833

(Forward)

	2025	2024
Released by death and other terminations and supplementary contracts	**(₱26,271,227)**	(₱15,310,941)
Due to change in discount rates	**(10,582,707)**	(25,596,860)
	321,271,437	(8,944,968)
At December 31	**₱680,348,881**	₱359,077,445

Policyholders' dividends is broken down as follows:

	2025	2024
Dividends payable on participating policies	**₱2,490,796**	₱2,691,461
Dividends payable on variable unit-linked policies	**2,024,523**	1,576,843
	₱4,515,319	₱4,268,304

Dividends payable on variable unit-linked policies are the amounts received by the Company from the fund manager and were released subsequently to VUL policyholders.

The movements in policyholders’ dividends for participating policies follow:

	2025	2024
At January 1	**₱2,691,461**	₱3,740,260
Policyholder's dividends	–	313,879
Payments during the year	**(200,665)**	(1,362,678)
At December 31	**₱2,490,796**	₱2,691,461

Non-life insurance liabilities

Non-life insurance liabilities may be analyzed as follows:

	2025	2024
Provision for claims reported and loss adjustment expenses	**₱98,980,932**	₱96,202,229
Provision for IBNR	**71,382,725**	136,014,200
Total claims reported and IBNR	**170,363,657**	232,216,429
Reserve for unearned premiums	**169,397,661**	200,899,118
Total insurance contract liabilities	**₱339,761,318**	₱433,115,547

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

	2025	2024
At January 1	**₱232,216,428**	₱324,494,855
Claims incurred (Note 20)	**131,898,329**	186,057,973
Recoveries from reinsurers (Note 20)	**15,108,141**	20,839,898
Increase in IBNR (Note 20)	**(64,631,474)**	(85,445,259)
Claims paid	**(144,227,767)**	(213,731,039)
At December 31	**₱170,363,657**	₱232,216,428

Reserve for unearned premiums may be analyzed as follows:

	2025	2024
At January 1	**₱200,899,118**	₱167,625,058
New policies written during the year	**414,925,229**	567,991,579
Premiums earned during the year (Note 18)	**(446,426,686)**	(534,717,519)
At December 31	**₱169,397,661**	₱200,899,118

The assumptions that have the greatest effect on the 2025 and 2024 statements of financial position, statements of comprehensive income and statements of changes in equity are listed below:

Mortality

		2025		
	Change in Assumptions	**Increase/ (Decrease) in Net Liabilities**	**Increase/ (Decrease) in Profit Before Tax**	**Increase/ (Decrease) in Equity**
Mortality	**10.00%**	**₱2,202,357**	**(₱2,202,357)**	**(₱1,651,768)**
	-10.00%	**(2,275,464)**	**2,275,464**	**1,706,598**
Discount rate	**1.00%**	**(41,555,280)**	**41,555,280**	**31,166,460**
	-1.00%	**49,283,247**	**(49,283,247)**	**(36,962,435)**
Lapse	**10.00%**	**(5,679,389)**	**5,679,389**	**4,259,542**
	-10.00%	**5,995,717**	**(5,995,717)**	**(4,496,788)**
Expense	**10.00%**	**1,690,342**	**(1,690,342)**	**(1,267,756)**
	-10.00%	**(1,683,303)**	**1,683,303**	**1,262,477**

		2024		
	Change in Assumptions	Increase/ (Decrease) in Net Liabilities	Increase/ (Decrease) in Profit Before Tax	Increase/ (Decrease) in Equity
Mortality	10.00%	₱1,967,722	(₱1,967,722)	(₱1,475,792)
	-10.00%	(2,042,538)	2,042,538	1,531,904
Discount rate	1.00%	(1,962,786)	1,962,786	1,472,089
	-1.00%	1,991,926	(1,991,926)	(1,493,944)
Lapse	10.00%	(2,741,806)	2,741,806	2,056,355
	-10.00%	3,570,656	(3,570,656)	(2,677,992)
Expense	10.00%	1,388,522	(1,388,522)	(1,041,392)
	-10.00%	(1,377,653)	1,377,653	1,033,240

MfAD

		2025		
	MfAD	**Increase in Net Liabilities (from Unpadded reserves)**	**Decrease in Profit Before Tax**	**Decrease in Equity**
Lapse	**-50.00%**	**₱17,250,309**	**(₱17,250,309)**	**(₱12,937,732)**
Mortality	**10.00%**	**1,958,418**	**(1,958,418)**	**(1,468,814)**
Interest	**-10.00%**	**23,017,305**	**(23,017,305)**	**(17,262,979)**
Expense	**50.00%**	**6,472,994**	**(6,472,994)**	**(4,854,746)**
Total MfAD		**₱48,699,026**	**(₱48,699,026)**	**(₱36,524,271)**

	MfAD	2024 Increase in Net Liabilities (from Unpadded Reserves)	Decrease in Profit Before Tax	Decrease in Equity
Lapse	-50.00%	₱3,087,716	(₱3,087,716)	(₱2,315,787)
Mortality	10.00%	1,586,569	(1,586,569)	(1,189,926)
Interest	-10.00%	11,348,025	(11,348,025)	(8,511,019)
Expense	50.00%	4,755,703	(4,755,703)	(3,566,777)
Total MfAD		₱20,778,013	(₱20,778,013)	(₱15,583,509)

14. **Segregated Funds**

In 2016, the Company started commercial issuance of unit-linked insurance contracts where the payments to policyholders are linked to investment funds set up by the Company. As of December 31, 2025 and 2024, the Company has eight (8) PHP and four (4) USD insurance investment funds (IIFs), namely: Philippine Balanced Fund (PHP), Equity Opportunity Fund (PHP), Fixed Income Fund (PHP), Global Technology Feeder Fund (PHP), Asia Equity Opportunity Feeder Fund (PHP), Global Total Return Bond Feeder Fund – Peso Denominated (PHP), GI Consumer Trends Feeder Fund (PHP), Peso Multi-Asset Dividend Paying Fund A (PHP), Global Equity Opportunity Feeder Fund (USD), Global Allocation Feeder Fund (USD), Global Total Return Bond Feeder Fund (USD) and Dollar Multi-Asset Dividend Paying Fund A (USD).

The details of this account are as follows:

	2025	2024
Peso funds	**₱2,544,506,115**	₱2,242,119,390
Dollar funds	**1,150,483,386**	1,293,850,180
	₱3,694,989,501	₱3,535,969,570

The breakdown of net assets in segregated funds as of December 31, 2025 and 2024 are as follows:

	2025 **Peso funds**	**Dollar funds**	**Total**
Cash and cash equivalents	**₱17,148,155**	**₱16,223,457**	**₱33,371,612**
Mutual funds	**306,932,102**	–	**306,932,102**
Accumulated market losses - mutual funds	**(26,656,634)**	–	**(26,656,634)**
Unit investment trust fund (UITF)	**1,702,177,777**	**1,055,473,807**	**2,757,651,584**
Accumulated market losses - UITF	**522,075,589**	**46,444,953**	**568,520,542**
Accumulated foreign exchange gains - UITF	**54,264,555**	**136,886,341**	**191,150,896**
Accounts receivable	**1,585,802**	**1,696,198**	**3,282,000**
Accrued trust fee payable	**(3,135,542)**	**(1,632,179)**	**(4,767,721)**
Accounts payable	**(6,631,500)**	**(3,456,963)**	**(10,088,463)**
Net assets	**2,567,760,304**	**1,251,635,614**	**3,819,395,918**
Less: Seed capital (Note 8)	**10,000,000**	**6,000,000**	**16,000,000**
Amounts payable on redemption of units (Note 8)	**13,254,189**	**95,152,228**	**108,406,417**
Segregated fund liabilities	**₱2,544,506,115**	**₱1,150,483,386**	**₱3,694,989,501**

	2024		
	Peso funds	Dollar funds	Total
Cash and cash equivalents	₱11,176,208	₱13,836,195	₱25,012,403
Mutual funds	301,487,194	−	301,487,194
Accumulated market losses - mutual funds	(16,239,341)	−	(16,239,341)
Unit investment trust fund (UITF)	1,687,444,491	1,260,799,239	2,948,243,730
Accumulated market losses - UITF	211,977,002	(64,643,310)	147,333,692
Accumulated foreign exchange gains - UITF	64,894,149	152,152,545	217,046,694
Accounts receivable	3,954,437	3,682,719	7,637,156
Accrued trust fee payable	(2,951,874)	(1,869,513)	(4,821,387)
Accounts payable	(3,085,875)	−	(3,085,875)
Net assets	2,258,656,391	1,363,957,875	3,622,614,266
Less: Seed capital (Note 8)	8,000,000	4,000,000	12,000,000
Amounts payable on redemption of units (Note 8)	8,537,001	66,107,695	74,644,696
Segregated fund liabilities	₱2,242,119,390	₱1,293,850,180	₱3,535,969,570

Amounts payable by fund manager (ATRAM) to the Company on redemption of units are presented as "Receivable from unit-linked funds" as part of loans and receivables - net (see Note 8). The seed capital is presented as part of financial assets at FVTPL (see Note 8).

The roll forward analyses of net assets in segregated funds are as follows:

Segregated Fund Assets / Segregated Fund Liabilities

	2025					
	At January 1	**Subscriptions**	**Redemptions/ Surrenders/ Withdrawals**	**Change in fair value**	**Charges and Fees**	**At December 31**
Peso funds	**₱2,242,119,390**	**₱243,539,797**	**₱(144,918,715)**	**₱289,051,698**	**(₱85,286,055)**	**₱2,544,506,115**
Dollar funds	**1,293,850,180**	**110,115,078**	**(310,742,349)**	**95,822,062**	**(38,561,585)**	**1,150,483,386**
	₱3,535,969,570	**₱353,654,875**	**₱(455,661,064)**	**₱384,873,760**	**(₱123,847,640)**	**₱3,694,989,501**

	2024					
	At January 1	Subscriptions	Redemptions/ Surrenders/ Withdrawals	Change in fair value	Charges and Fees	At December 31
Peso funds	₱1,918,503,536	₱521,420,672	(289,815,945)	₱164,147,353	(₱72,136,226)	₱2,242,119,390
Dollar funds	1,291,385,219	185,996,311	(229,079,301)	107,412,208	(61,864,257)	1,293,850,180
	₱3,209,888,755	₱707,416,983	(₱518,895,246)	₱271,559,561	(₱134,000,483)	₱3,535,969,570

15. Accounts Payable and Other Liabilities

This account consists of:

	2025	2024
Accounts payable	**₱92,082,899**	₱399,265,050
Commissions payable	**83,833,950**	129,239,872
Life insurance deposit	**80,092,834**	59,549,497
Taxes payable	**45,534,995**	73,244,943
Accrued expenses	**44,678,598**	88,501,766
Client deposits	**33,223,078**	181,058,500
Due to policyholders	**5,526,876**	12,292,602
Premium deposit fund	**1,734,691**	1,789,407
Miscellaneous	**4,587,411**	4,287,055
	₱391,295,332	₱949,228,692

Accounts payable represent billings for medical fees, dental fees, annual physical examination, and third-party administration which are payable on demand. This account also includes unreleased and outstanding checks and the unpaid portion of the exclusive access fees (see Note 9).

Commissions payable refer to accrual for obligations to brokers, referrers and agents arising from commissions, overrides and service fees.

Life insurance deposits represent deposits paid by policyholders in advance which are applied to premiums or other policyholder obligations when these fall due.

Taxes payable include withholding tax and premium tax payable which are remitted within one month subsequent to reporting date.

Accrued expenses include accruals for employee bonuses which are payable the following year, accruals for other employee benefits, professional and legal fees and utilities.

Client deposits pertain to unidentified bank credits as of the reporting date and are subject for clearing the following period.

Due to policyholders represent the PhilHealth benefits due to insured members who were hospitalized or who availed of laboratory procedures from PhilHealth accredited hospitals or clinics. PhilHealth issues the Benefit Payment Notice (BPN) direct to the insured to claim the benefit. The Company will then require the submission of this BPN as a supporting document prior to paying the related claims on due to policyholders.

Premium deposit fund pertains to funds held for policyholders with annual interest ranging from 4.0% to 6.0%.

Miscellaneous includes unearned interest from policy loans, stockholder's dividend payable, and due to Insurope, a multinational pooling facilitator who administers the Company's group life policy pooling arrangements.

16. **Insurance Payables**

Insurance payables pertain to unpaid reinsurance premiums of the Company to insurers. As of December 31, 2025, and 2024, insurance payables amounted to ₱517.9 million and ₱557.7 million, respectively.

17. **Equity**

Capital stock

Details of the Company's capital stock for both 2025 and 2024 follows:

Common	Shares	Amount
Authorized (₱10.00 - par value)	124,499,404	₱1,244,994,040
Issued and outstanding:		
Balance at the beginning and end of the year	116,172,083	1,161,720,830

(Forward)

Preferred	Shares	Amount
Authorized (₱0.10 - par value)	50,059,600	₱5,005,960
Issued and outstanding:		
Balance at the beginning and ending of the year	50,059,600	5,005,960

The preferred shares have the following features:

a) Entitled to receive cash dividends at six percent (6.0%) per annum;

b) Voting rights;

c) Convertible at any time into common shares at the sole option of the Company;

d) Redeemable at any time at the sole option of the Company;

e) Priority to receive the guaranteed dividends, including dividends in arrears, over the common stockholders;

f) Not entitled to any participation or share in the retained earnings remaining after all cumulative dividends thereon have been paid; and

g) In the event of liquidation, dissolution, bankruptcy or winding up of the affairs of the Company, holders of preferred shares shall enjoy preferences in the payment, in full or pro-rata basis as the assets of the Corporation will permit, of the value of their shares plus all unpaid cumulative dividends, before any assets of the Company shall be paid or distributed to holders of common shares.

h) Accrued payable for preferred share dividends in arrears amounted to ₱3.8 million in 2025 and ₱3.5 million in 2024.

Contributed surplus
Contributed surplus amounted to ₱39.8 million as of December 31, 2025 and 2024. This represents original contributions of the stockholders as provided under the Amended Insurance Code.

Deposit for future stock subscription
On March 4, 2025, EIHSB infused ₱500.0 in additional capital to fulfill the minimum Networth requirements under the Insurance Code. These were subsequently invested in Government securities as mandated by the Insurance Commission. The securities earned ₱26.2 million in interest income as of December 31, 2025. As of December 31, 2025, total infusion amounting to ₱526.2 million was booked as Deposit for future stock subscription. As of April 15, 2026, the Company is still waiting for the approval related to its application with the SEC to increase its authorized capital stock.

Retained earnings
This represents the accumulated earnings of the Company reduced by any losses the Company may incur during a certain accounting period or by dividend declarations.

18. Net Insurance Premiums

Life and Non-life insurance contracts

Gross premiums on insurance contracts and reinsurers' share of gross premiums on insurance contract consists of the following:

	2025	2024
Life insurance contract premiums:		
Group accident and health insurance	**₱2,739,913,860**	₱4,822,875,962
Group life insurance	**589,207,470**	853,279,601
Change in provision for unearned premiums	**726,079,610**	61,470,461
Gross premiums earned on group life insurance contracts	**4,055,200,940**	5,737,626,024
Ordinary life insurance	**464,707,827**	182,024,402
Unit-linked	**353,654,875**	509,800,088
Change in provision for unearned premiums	**(446,891)**	(81,737)
Gross premiums earned on individual life insurance contracts	**817,915,811**	691,742,753
Total life insurance contract premiums earned	**4,873,116,751**	6,429,368,777
Reinsurers' share on life insurance contracts:		
Group life insurance	**45,821,952**	(307,044,782)
Ordinary life insurance	**3,246,055**	(17,036,192)
Total reinsurers' share on gross premiums earned on life insurance contracts	**49,068,007**	(324,080,974)
Net premiums earned on life insurance contracts	**4,922,184,758**	6,105,287,803
Non-life insurance contracts premiums:		
Fire	**352,385,032**	387,316,901
Motor	**30,539,401**	82,544,684
Travel insurance	**13,290,867**	19,713,177
Gadget insurance	**9,920,953**	74,776,865
Personal accident	**7,077,740**	1,336,602
Other non-life insurance products	**1,740,457**	2,303,350
Gross premiums written on nonlife insurance contracts	**414,954,450**	567,991,579
Change in unearned premium reserves	**31,472,237**	(33,294,447)
Gross earned premiums on nonlife insurance contracts	**446,426,687**	534,697,132
Reinsurers' share on nonlife insurance contracts:		
Fire	**(238,638,798)**	(116,628,532)
Motor	**(41,859,410)**	(25,287,740)
Travel insurance	**(1,654,098)**	(9,827,807)
Reinsurers' share on gross premiums written on non-life insurance contracts	**(282,152,306)**	(151,744,079)
Reinsurers' share in change in unearned premium reserves	**(64,850,918)**	26,667,695
Reinsurers' share in earned premiums on nonlife insurance contracts	**(347,003,224)**	(125,076,384)
Net premiums earned on non-life insurance contracts	**99,423,463**	409,620,748
Net insurance premiums earned	**₱5,021,608,221**	₱6,514,908,551

19. Interest and Other Income

Interest income
Interest income consists of interest arising from:

	2025	2024
Financial assets at FVOCI (Note 8)	**₱89,916,782**	₱104,989,008
Loans and receivables (Note 8)		
Salary and policy loans	**37,138,828**	34,925,087
Mortgage loans	**273,578**	263,092
Cash and cash equivalents (Note 6)	**4,748,304**	8,781,780
	₱132,077,492	₱148,958,967

Service and network fees
Service fees consist of income from:

	2025	2024
Fees from variable life insurance	**₱100,238,960**	₱96,995,805
Network fees	**95,997,966**	127,625,111
	₱196,236,926	₱224,620,916

Fees from variable life insurance pertain to charges to the policyholders' holding investments in variable unit-linked products for fund management, as well as policy issue fees.

Network fees are membership fees paid by the policyholders for the use of accredited hospitals, clinics and doctors' network for a no cash-out arrangement in case of in-patient and out-patient availments. These membership fees cover the insured members with health cards issued by the Company.

Third party administration fees
Third party administration fees pertain to fees paid by third parties to the Company for handling medical and health expenses of the said third parties which amounted to ₱36.7 million and ₱32.7 million in 2025 and 2024, respectively.

Others
Other income (loss) consists of:

	2025	2024
Dividend income	**₱22,905,652**	₱20,952,200
Processing and handling fees	**13,043,252**	12,568,337
Hospital discounts	**11,336,777**	26,705,240
Reinsurance commission income (loss)	**7,438,721**	(501,100)
Loss on foreign currency transactions	**(662,989)**	(1,124,870)
Loss on sale of assets	**(995,700)**	(276,194)
	₱53,065,713	₱58,323,613

Processing and handling fees pertain to non-finance charges to cover cost of processing salary loans to DepEd teachers and private institution employees and delivery charge for non-life policies printed and delivered in hard copy.

20. **Net Benefits and Claims Incurred on Insurance Contracts**

This account consists of:

	2025	2024
Life	**₱3,479,503,102**	₱4,568,332,389
Non-life	**82,374,996**	121,452,612
	₱3,561,878,098	₱4,689,785,001

Life insurance contracts
Net insurance contract benefits and claims incurred follow:

	2025	2024
Claims (Note 13)	**₱3,400,799,788**	₱4,521,472,295
Surrenders and maturities	**78,703,314**	46,546,215
Policyholders’ dividends (Note 13)	**–**	313,879
	₱3,479,503,102	₱4,568,332,389

Non-life insurance contracts
Insurance contract benefits and claims incurred follow:

	2025	2024
Fire insurance	**₱85,235,451**	₱108,942,725
Motor insurance	**46,579,487**	71,743,396
Gadget insurance	**82,971**	5,191,542
Other non-life insurance products	**420**	180,310
Claims incurred	**131,898,329**	186,057,973
Recoveries from reinsurers	**15,108,141**	20,839,898
Decrease in IBNR	**(64,631,474)**	(85,445,259)
	₱82,374,996	₱121,452,612

21. **Expenses for the Acquisition of Insurance Contracts**

This account consists of:

	2025	2024
Commissions	**₱387,956,920**	₱533,403,447
Service fees	**284,727,675**	291,302,208
Salaries, wages and employees’ benefits (Notes 22 and 26)	**125,336,180**	131,763,775
Insurance taxes	**94,005,565**	110,403,393
Others	**26,371,573**	21,816,937
	₱918,397,913	₱1,088,689,760

Commissions represent amounts that are given to agents and brokers. This account includes overriding expenses that are in excess of 10.0% of commissions.

Service fees represent amounts paid to intermediaries of group policyholders for collecting the premiums from the assured.

Salaries, wages and employees' benefits pertain to personnel costs of the departments directly involved in the marketing, selling and processing the Company's insurance products.

Insurance taxes include documentary stamp tax and premium tax.

Others include medical fees, inspection fees and other direct costs.

22. General and Administrative Expenses

This account consists of:

	2025	2024
Salaries, wages and employees' benefits (Note 23)	**₱301,176,799**	₱242,348,192
Occupancy (Note 25)	**139,966,561**	155,273,359
Management and professional fees (Note 27)	**101,986,292**	108,987,128
Taxes and licenses	**20,836,517**	21,937,020
Provision for (reversal of) impairment of insurance receivables (Note 7)	**12,288,027**	(5,121,231)
Office supplies	**5,255,456**	6,307,767
Provision for impairment of financial assets (Notes 6 and 8)	**5,135,546**	5,130,927
Postage and communication	**5,115,707**	15,226,741
Transportation and travel	**4,380,398**	7,182,274
Representation and entertainment	**3,339,525**	3,161,364
Insurance	**254,493**	353,671
Others	**45,399,824**	28,610,911
	₱645,135,145	₱589,398,123

Management and professional fees pertain to expenses incurred for management and other professional services received by the Company such as consulting fee, IMA fees, audit fees, directors' fees, legal fees, temporary staff expenses and miscellaneous services.

Taxes and licenses consist of license and permit fees, LGU Taxes, fringe benefit tax, and input VAT.

Others consist mainly of membership dues, prizes and awards, trainings and seminars and bank charges.

23. Salaries, Wages and Employees' Benefits

This account consists of:

	2025	2024
Salaries and wages and other benefits	**₱346,170,731**	₱347,348,134
SSS, Medicare and PAG-IBIG contributions	**16,271,728**	15,470,351
Pension expense (Note 24)	**64,070,519**	11,293,482
	₱426,512,978	₱374,111,967

Salaries, wages and employees' benefits are charged as follows:

	2025	2024
Expenses for the acquisition of insurance contracts (Note 21)	**₱125,336,180**	₱131,763,775
General and administrative expenses (Note 22)	**301,176,798**	242,348,192
	₱426,512,978	₱374,111,967

24. **Pension Plan**

The Company has a funded, non-contributory defined benefit plan (the Plan) which is managed by ATRAM Trust Corporation providing death, disability and retirement benefits for all of its employees. Under the Plan, the normal retirement age is sixty (60) and the employee should have completed at least ten (10) years of service. Normal retirement benefit consists of a lump-sum benefit equivalent to 100% of the employee's final monthly pay for every year of service. In 2025, the Company added an optional retirement benefit consisting of lump-sum benefit up to 175% depending on years of credited service.

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

Based on the actuarial valuation as of December 31, 2025 and 2024 computed using the Projected Unit Credit (PUC) method, the Company's pension liabilities and expenses are summarized as follows:

	2025	2024
Net pension asset (liability)	**(₱87,155,679)**	(₱19,548,956)
Pension expense (Note 23)	**64,070,519**	11,293,482

The amounts recognized in the statements of comprehensive income are as follow:

	2025	2024
Current service cost	**₱13,032,574**	₱10,130,154
Past service cost	**49,853,278**	–
Net interest cost	**1,184,667**	1,163,328
Pension expense	**₱64,070,519**	₱11,293,482

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

	2025	2024
Present value of defined benefit obligation	**₱151,582,768**	₱123,742,371
Fair value of plan assets	**(64,427,089)**	(104,193,415)
Net pension liability	**₱87,155,679**	₱19,548,956

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

	2025	2024
At January 1	**₱19,548,956**	₱19,102,271
Pension expense (Note 23)	**64,070,519**	11,293,482
Amount to be recognized in OCI	**3,536,204**	(10,846,797)
At December 31	**₱87,155,679**	₱19,548,956

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

	2025	2024
At January 1	**₱123,742,371**	₱122,522,286
Current service cost	**13,032,574**	10,130,154
Interest cost on benefit obligation	**7,498,788**	7,461,607
Past service cost	**49,853,278**	–
Benefits paid from retirement fund	**(46,065,858)**	(10,287,936)
Actuarial losses (gains):		
Experience adjustments	**7,867,668**	(6,396,759)
Changes in demographic assumptions	**(341,446)**	–
Changes in financial assumptions	**(4,004,607)**	313,019
At December 31	**₱151,582,768**	₱123,742,371

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

	2025	2024
At January 1	**₱104,193,415**	₱103,420,015
Expected return on plan assets	**6,314,121**	6,298,279
Remeasurement gains (losses)	**(14,589)**	4,763,057
Benefits paid	**(46,065,858)**	(10,287,936)
At December 31	**₱64,427,089**	₱104,193,415

Remeasurement gains (losses) recognized in OCI:

	2025	2024
Remeasurement gains (losses) on plan assets	**(₱14,589)**	₱4,763,057
Actuarial gains (losses) from benefit obligation	**(3,521,615)**	6,083,740
	(3,536,204)	10,846,797
Deferred tax on remeasurement on net plan assets (Note 24)	**884,051**	(2,711,700)
	(₱2,652,153)	₱8,135,097

Movement of cumulative remeasurement effect recognized in OCI under equity section of the statements of financial position:

	2025	2024
At January 1	**(₱5,849,505)**	(₱13,984,602)
Remeasurement losses on plan assets	**(14,589)**	4,763,057
Actuarial gains from benefit obligation	**(3,521,615)**	6,083,740
At December 31	**(9,385,709)**	(3,137,805)
Deferred tax asset on remeasurement gain during the year	**884,051**	(2,711,700)
Actuarial gains (losses) on net pension asset/liability	**(₱8,501,658)**	(₱5,849,505)

Plan assets consist of:

	2025		2024	
	Amount	**%**	Amount	%
Cash and cash equivalents	**₱684,982**	**1.06%**	₱1,149,502	1.11%
Government debt securities	**9,197,766**	**14.28%**	30,995,272	29.97%
Corporate debt securities	**2,619,589**	**4.07%**	-	-
Equity securities	**20,634,204**	**32.03%**	34,765,382	33.62%
Mutual Funds/UITFs	**15,314,254**	**23.77%**	29,010,178	28.05%
Loans and receivables	**16,045,290**	**24.90%**	8,399,975	8.12%
Accounts payable	**(68,996)**	**-0.11%**	(126,894)	-0.12%
	₱64,427,089	**100.00%**	₱104,193,415	100.75%

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

The carrying amounts disclosed above reasonably approximate fair value at the reporting date. Accounts payable pertain to projected benefit payable and accrued trust fees.

Net unrealized gains (losses) on investments follow:

	2025	2024
Equity securities	**₱3,069,281**	₱3,667,536
Mutual funds	**(46,095)**	54,593
Government debt securities	**4,443**	(390,068)
Unit investment trust funds	**493,457**	1,519,339
Corporate debt securities	**(8,414)**	–
	₱3,512,672	₱4,851,400

Actual return on plan assets amounted to ₱6.3 million and ₱11.1 million in 2025 and 2024, respectively.

The principal actuarial assumptions used are as follows:

	2025	2024
Discount rate	**6.29%**	6.06%
Expected return on plan assets	**7.68%**	11.26%
Salary increase rate	**5%**	5%
Average remaining working lives	**17 years**	18 years

The sensitivity analysis that follows has been determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the end of reporting period, assuming all other assumptions were held constant.

	2025		2024	
Discount rate	**+.50%**	**(7,620,533)**	+.50%	(5,015,360)
	-.50%	**8,348,811**	-.50%	5,542,672
Salary increase rate	**+.50%**	**8,419,473**	+.50%	5,555,211
	-.50%	**(8,121,881)**	-.50%	(5,410,058)

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Company's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The Retirement Fund's expected benefits payments are determined through the latest actuarial reports.

25. **Occupancy Expenses**

This account consists of:

	2025	2024
Repairs, maintenance and rent	**₱72,939,457**	₱80,083,340
Amortization - right of use assets (Note 10)	**36,168,878**	36,182,827
Depreciation and amortization - property and equipment and intangible assets (Note 9)	**26,824,073**	29,641,183
Light and water	**4,034,153**	9,299,698
Others	**–**	66,311
	₱139,966,561	₱155,273,359

Rent related to related to short-term leasing agreements that the Company entered into for its servicing branches and clinics. In 2025, the Company has no more short-term leases. In 2024, the rent expense related to these short-term leases amounted to ₱15.0 million.

26. **Income Taxes**

Provision for income tax consists of:

	2025	2024
Current	**₱5,060,508**	₱12,219,511
Final	**23,888,727**	24,244,164
Deferred	**53,209,322**	(3,725,529)
	₱82,158,557	₱32,738,146

Current tax regulations also provide the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as deduction against taxable income. Under the regulation, EAR expense allowed as deductible expense for service company like the Parent Company and its subsidiaries is limited to the actual EAR paid or incurred but not to exceed 1.0% of net revenue. The regulations also provide for MCIT of 1.5% on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception .

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

	2025	2024
At statutory tax rate	**(₱84,245,334)**	₱36,921,410
Tax effects:		
Income subjected to final tax	**(6,099,638)**	(18,419,101)
Nondeductible expenses	**5,945,648**	14,235,837
Changes in unrecognized deferred tax	**166,557,881**	–
At effective tax rate	**₱82,158,557**	₱32,738,146

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable profits is probable. The details of the Company's deferred tax assets as at December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred tax assets:		
Affecting profit or loss:		
Provision for IBNR	**₱52,894,988**	₱121,338,796
Net operating loss carry over (NOLCO)	**45,841,889**	45,841,889
Allowance for impairment losses	**26,471,902**	22,123,671
Post employment benefit obligation	**21,788,920**	4,887,239
Excess minimum corporate income tax (MCIT)	**12,219,511**	12,219,511
Accrued expenses	**5,146,271**	10,076,697
Unamortized contribution of past service cost	**2,991,952**	3,683,043
Affecting other comprehensive income:		
Tax effect of actuarial loss on pension liability	**6,472,422**	5,588,371
	173,827,855	225,759,217
Deferred tax liabilities:		
Affecting profit or loss:		
Right of use assets, net of lease liabilities	**1,983,497**	1,589,588
Affecting other comprehensive income:		
Net unrealized gains on financial assets at FVOCI	**414,626**	265,088
	2,398,123	1,854,676
Deferred tax assets - net	**₱171,429,732**	₱223,904,541

The movements of the Company's net deferred tax assets (liabilities) are as follow:

	2025	2024
At January 1	**₱223,904,541**	₱223,956,812
Provision	**(53,209,322)**	3,725,530
Tax effect of actuarial loss on pension liability (Note 24)	**884,051**	(2,711,699)
Tax effect on unrealized gains on financial assets at FVOCI	**(149,538)**	(1,066,102)
At December 31	**₱171,429,732**	₱223,904,541

As of December 31, 2025, the Company did not recognize deferred tax assets on the NOLCO and excess MCIT over RCIT incurred in 2025.

Details of the Company's NOLCO which are available for offset against future taxable income are as follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2025	₱645,989,495	–	–	₱645,989,495	2028
2024	183,367,556	–	–	183,367,556	2027
	₱829,357,051	–	–	₱829,357,051	

As at December 31, 2025, the details of unexpired excess MCIT over RCIT, which may be claimed as deduction against income tax due are as follow:

Year Incurred	Amount	Applied	Expired	Balance	Expiry Date
2025	₱5,060,508	₱–	₱–	₱5,060,508	2028
2024	12,219,511	–	–	12,219,511	2027
	₱17,280,019	₱–	₱–	₱17,280,019	

27. Related Party Transactions

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

In the normal course of the business, the Company has various transactions with its related parties as follows:

a. Loans to officers consist of car loans which earn interest ranging from 0%-8.4% per annum depending on the position of the employee. Total loans outstanding amounted to ₱4.5 million and ₱10.4 million as of December 31, 2025 and 2024, respectively. The related interest income on the car loans amounted to ₱0.2 million and ₱0.3 million in 2025, and 2024, respectively (see Note 19).

b. In 2025 and 2024, directors' remuneration included in management and professional fees under "General and administrative expenses" amounted to ₱5.6 million and ₱5.3 million, respectively (Note 23).

   Details of key management compensation follows:

	2025	2024
Salaries and other short-term benefits	**₱121,027,221**	₱80,635,344
Post-employment benefits	**7,597,806**	–
Fringe benefits	**3,665,998**	5,822,246
	₱132,291,025	₱86,457,590

   Key management includes officers with positions of Vice President and up.

c. Outstanding balances with related parties as of December 31 are as follow:

	2025					
	Relationship	**Nature of Transaction**	**Amount/ Volume**	**Outstanding Receivable (Payable) Balance**	**Terms**	**Conditions**
Etiqa International Holdings Sdn. Bhd.	**Parent company**	**Chargeback for shared services**	**₱378,277**	**(₱209,266)**	**Interest free, payable on demand**	**Unsecured**
Etiqa International Holdings Sdn. Bhd.	**Parent company**	**Chargeback for shared services**	**422,777**	**4,220,999**	**Interest free, payable on demand**	**Unsecured**
Malayan Banking Berhad	**Ultimate Parent company**	**Chargeback for shared services**	**(4,731,349)**	**(4,791,902)**	**Interest free, payable on demand**	**Unsecured**
A.V. Ocampo	**Entity under common control**	**Commissions**	**295,486**	**(43,186)**	**Interest free, payable on demand**	**Unsecured**
			(₱3,634,809)	**(₱823,355)**		

	2024					
	Relationship	Nature of Transaction	Amount/ Volume	Outstanding Receivable (Payable) Balance	Terms	Conditions
Etiqa Insurance Pte. Ltd.	Entity under common control	Chargeback for software maintenance and service fees	(₱14,763,610)	₱–	Interest free, payable on demand	Unsecured
Maybank Shared Services	Entity under common control	Chargeback for shared services	(179,590)	(179,590)	Interest free, payable on demand	Unsecured
Etiqa Life Insurance Berhad	Entity under common control	Chargeback for shared services	(1,580,582)	(940,755)	Interest free, payable on demand	Unsecured
Etiqa International Holdings Sdn. Bhd.	Parent company	Chargeback for shared services	(68,052)	(587,543)	Interest free, payable on demand	Unsecured
Etiqa International Holdings Sdn. Bhd.	Parent company	Chargeback for shared services	3,798,223	3,798,223	Interest free, payable on demand	Unsecured
Malayan Banking Berhad	Ultimate Parent company	Chargeback for shared services	576,377	(60,554)	Interest free, payable on demand	Unsecured
Maybank Ageas Holdings Berhad (MAHB)	Entity under common control	Chargeback for shared services	(8,599)	(8,599)	Interest free, payable on demand	Unsecured
A.V. Ocampo	Entity under common control	Commissions	476,110	(388)	Interest free, payable on demand	Unsecured
			(₱11,749,723)	₱2,020,794		

e. The Company also maintains accounts with Maybank Philippines Inc. (MPI), details as of December 31 follow:

	2025	2024
Cash in bank	**₱120,633,379**	₱169,922,733
Time deposits	**3,000,000**	3,000,000
	₱123,633,379	₱172,922,733

Interest income earned from cash in bank and time deposits amounted to ₱0.8 million and ₱1.4 million as of December 31, 2025 and 2024, respectively.

The Company also provides hospitalization and life cover for employees of MPI, and other Maybank entities within the group, as well as Group Credit Life (GCL) insurance cover for borrowers from its lending business. Premium earned in 2025 and 2024 relative to these insurance covers amounted to ₱13.3 million and 4.4 million respectively.

In November 2020, the Company and MPI signed a Bancassurance Agreement (the Agreement), effective January 1, 2021 for a period of fifteen (15) years. This supersedes the previous Bancassurance agreement expiring in 2025. The Company will pay service fees for clients referred by MPI availing of its insurance products. For 2025 and 2024, service fees paid to MPI amounted to ₱50.0 million and ₱62.2 million, respectively.

f. The Company has an Investment Management Agreement (IMA) with ATRAM Trust Corporation (ATRAM) formerly ATR KimEng Asset Management, Inc. (ATRKE AMI) which monitors and manages a portion of the Company's investments. The IMA provides that the Company retains legal title to the invested funds and properties and will be charged IMA fees based on the market value of the portfolio. As of December 31, 2025 and 2024, investments under IMA measured at FVOCI amounted to ₱0.9 billion and ₱1.4 billion, respectively, while investments measured at FVTPL amounted to ₱158.2 million and ₱158.3 million, respectively (see Note 8).

The Company has also entrusted the management of the fund assets of its policyholders availing of variable unit-linked products to ATRAM. As of December 31, 2025 and 2024, segregated fund assets amounted to ₱3.7 billion and ₱3.5 billion, respectively (see Note 13).

Total IMA fees paid to ATRAM included in management and professional fees under "General and administrative expenses" amounted to ₱21.0 million in 2025 and ₱22.0 million in 2024 (see Note 21).

g. The Company also maintains its retirement fund with ATRAM, with plan assets as of December 31, 2025 and 2024 amounting to ₱64.4 million and ₱104.0 million, respectively (see Note 24). The Company has no other transactions with the retirement plan.

Terms and conditions of transactions with related parties
The Company has not recognized any impairment losses on amounts due from related parties for the years ended December 31, 2025 and 2024. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. Outstanding balances will be settled in cash.

28. Management of Capital and Insurance Risk

The Company's activities expose it to a variety of risks such as capital, financial and insurance risks. The overall objective of risk management is to focus on the unpredictability of financial markets and insurance contingencies to minimize potential adverse effects on the financial position of the Company.

The Company has established risk management functions with clear cut responsibilities and with the mandate to develop company-wide policies on market, credit, liquidity, insurance and operational risk management. It also supports the effective implementation of risk management policies at the individual business unit and process levels.

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

<u>Regulatory Framework</u>
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 liquidity and solvency positions to meet maturing liabilities arising from claims and acceptable levels of risk.

The operations of the Company are subject to the regulatory requirements of the IC. The IC does not only prescribe approval and monitoring of activities but also imposes certain restrictive provisions (e.g. fixed capitalization requirements and risk-based capital (RBC) requirements). Such restrictive provisions minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

<u>Capital Management</u>
The Company's capital includes the common and preferred stock and contributed surplus.

The Company has established the following capital management objectives in managing the risks that affect its capital position:

- To maintain the required level of net worth thereby providing a degree of security to policyholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of credit facilities.

- To align the profile of assets and liabilities taking account into the risks inherent in the business.
- To maintain healthy capital and liquidity ratios in order to support its business objectives and maximize shareholders value.

The Company manages its capital through its compliance with the statutory requirements on minimum net worth. The Company is also complying with the statutory regulations on RBC to measure the adequacy of its statutory surplus in relation to the risks inherent in its business. The RBC method involves developing a risk-adjusted target level of statutory surplus by applying certain factors to various asset, premium and reserve items. Higher factors are applied to more risky items and lower factors are applied to less risky items. The target level of statutory surplus varies not only as a result of the insurer's size, but also on the risk profile of the insurer's operations.

The Company's policy to address the situations where the capital level maintained is lower than minimum is to require the shareholders to add more capital.

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

Fixed capitalization requirements
On August 15, 2013, the President of the Philippines approved Republic Act No. 10607 to be known as the "New Insurance Code" which provides the new capitalization requirements for all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022.

On January 13, 2015, the IC issued Circular Letter No. 2015-02-A clarifying the minimum capitalization and net worth requirements of new and existing insurance companies in the Philippines. All domestic life and non-life insurance companies duly licensed by the IC must have a net worth of at least ₱250.00 million by December 31, 2013.

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

Required Net Worth	Compliance Date
₱250.0 million	June 30, 2013
550.0 million	December 31, 2016
900.0 million	December 31, 2019
1.3 billion	December 31, 2022

The Company received a letter from IC on January 12, 2024 for FY 2022 Annual Statement verification of the Company's net worth. Based on the assessment, the Company's approved regulatory net worth amounted to ₱1.29 billion and has deficiency amounting to ₱8.1 million. The deficiency was subsequently addressed and resolved, closing the FY 2022 Annual Statement verification as confirmed with a letter from IC dated July 15, 2024.

On March 24, 2025, the Company received a letter from IC dated March 19, 2025 for the Approval of the 2023 Annual Statement (AS). As per the final assessment, the Company's deficiency in the Net Worth was deemed covered in full, following the capital infusion made by its Parent Company, EIHSB, amounting to ₱500.0 million last March 4, 2025. The Company subsequently published the Synopsis of the AS on March 25, 2025.

The Insurance Commission (IC), on a letter dated March 9, 2026, approved the publication of the Synopsis of the 2024 Annual Statement. Based on the IC's final verification, the Company is compliant with the ₱1.3 billion minimum regulatory net worth requirement. The approved Synopsis was subsequently published on March 17, 2026. The letter for closure of the 2024 AS verification was received by the Company on March 23, 2026.

As of December 31, 2025, the Company's estimated regulatory net worth amounted to ₱1.74 billion.

RBC requirements
Insurance Memorandum Circular (IMC) No. 6-2006 provides for the RBC framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Subsequently, Insurance Circular 2016-68 amended the RBC framework (dubbed 'RBC2') as part of a new three (3) pillar risk-based approach to solvency regulation. The Risk Based Capital Ratio and Risk Based Capital Requirement are the key requirements under Pillar 1. The RBC2 framework became effective on January 1, 2017.

Every life insurance company is annually required to maintain an RBC ratio of at least 100.0% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be computed as the Total Available Capital divided by the RBC requirement. The Total Available Capital is the aggregate of the Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover the losses of the insurer at all times on a going concern and winding up basis. The Tier 2 Capital does not have the same high-quality characteristics as Tier 1 but can provide additional buffer to the insurer. The RBC requirement on the other hand is the capital that is required to be held appropriately to the risks and insurance company is exposed to such as Credit risk, Insurance risk, Market risk, Operational risk, Catastrophe risk and Surrender risk.

The following table shows the RBC ratios at December 31, 2025 determined based on its internal calculations and December 31, 2024 as reviewed and approved by IC:

	2025 (Estimated)	2024 (Reviewed by IC)
Life Unit	**337%**	202%
Non-Life Unit	**472%**	544%

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

Unimpaired capital requirement
IMC 22-2008 provided that for purposes of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statement of financial position should show that the net worth or stockholders' equity is at least equal to the actual paid-up capital.

The Company has complied with the unimpaired capital requirement as of December 31, 2025 and 2024.

Insurance Risk

Nature of risk

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

Life insurance contracts

Insurance risk includes premium/benefits risk, actuarial reserve risk and reinsurance risk. Premium/benefits risk is the risk of having to pay, from a premium that may be fixed for a specific term, benefits that can be affected by uncontrollable event when they become due. Adequacy of the actuarial reserves is monitored by an in-house actuary on a regular basis in accordance with local regulations. Reinsurance risk arises from underwriting direct business or reinsurance business in relation to reinsurers and brokers.

Monitoring and controlling

The Company regularly assesses the reserving methodology in accordance with local regulations. Underwriting guidelines and limits for insurance and reinsurance contracts have been well established to clearly regulate responsibility and accountability.

The main underwriting strategy of the Company in managing insurance risk is the use of reinsurance. The Company maintains surplus-type reinsurance treaties for both individual and group life business.

Frequency and severity of claims

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

a. For contracts where death is the insured risk, the most significant factor would be epidemics that result in earlier or more claims than expected;
b. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted;
c. For contracts with discretionary participating feature, the participating nature of these insurance contracts results in a portion of the insurance risk being shared with the insured party; and
d. For medical insurance contracts where illness incurred by the insured is the considered risk, the most significant factor would be epidemics and communicable diseases, that may result in earlier or more claims than expected.

The Company manages these risks through its underwriting strategy and reinsurance program. However, the risk is also dependent on the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely.

The following represents the Company's concentration of insurance risk per product as of December 31, 2025 and 2024:

	2025			
	Exposure, Gross of Reinsurance (‘000)	**Concentration (%)**	**Exposure, Net of Reinsurance (‘000)**	**Concentration (%)**
Group life	**₱302,940,201**	**93.28%**	**₱106,029,070**	**84.95%**
Group health	**15,051,040**	**4.63%**	**15,051,040**	**12.06%**
Unit-linked policies	**4,294,227**	**1.32%**	**1,733,085**	**1.39%**
Ordinary life	**1,800,144**	**0.55%**	**1,347,010**	**1.07%**
Group accident	**714,800**	**0.22%**	**657,585**	**0.53%**
	₱324,800,412	**100.00%**	**₱124,817,790**	**100.00%**

	2024			
	Exposure, Gross of Reinsurance ('000)	Concentration (%)	Exposure, Net of Reinsurance ('000)	Concentration (%)
Group life	₱467,188,989	96.32%	₱155,846,116	91.33%
Group health	11,676,525	2.41%	11,676,525	6.84%
Unit-linked policies	4,456,801	0.92%	1,768,134	1.04%
Ordinary life	1,246,090	0.26%	911,099	0.53%
Group accident	462,425	0.09%	446,425	0.26%
	₱485,030,830	100.00%	₱170,648,299	100.00%

Summary of claims analysis

	2025	2024
Mortality Ratio		
Aggregate individual	**7.52%**	18.67%
Aggregate group	**25.03%**	61.94%

Non-life Insurance Contracts
The Company principally issues different types of general insurance such as fire and motor. Risk under general insurance policies usually cover a twelve-month duration.

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit the exposure to catastrophes to a pre-determined maximum amount based on the Company's risk appetite as decided by management.

The following tables set out the concentration of the claims liabilities by type of contract:

	2025	2024
Fire	**₱150,189,574**	₱175,486,241
Motor car	**17,598,902**	50,736,481
Personal accident	**1,545,247**	368,244
Property floater	**849,587**	3,971,557
Travel insurance	**164,706**	1,644,418
Marine	**15,641**	9,488
	₱170,363,657	₱232,216,429

Assumptions
The principal assumption underlying the estimates is the Company's past claims development experience or in case of first year non-life business, average industry experience is used. This includes assumptions in respect of average claims costs, claim handling costs, claims inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example once off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key assumptions include variation in interest rate, delays in settlement and changes in foreign currency rates.

Sensitivities
The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of the certain assumptions such as legislative change, uncertainty in the estimation process, etc., is not possible to quantify.

Claims development table
The following tables reflect the cumulative incurred claims for each successive accident year at each reporting date, together with cumulative payments to date.

The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences are eliminated which results in the release of reserves from earlier accident years. In order to maintain strong reserves, the Company transfers much of this release to current accident year reserves when the development of claims is less mature and there is much greater uncertainty attaching to the ultimate cost of claims.

	2025					
Accident year	**Prior to 2022**	**2022**	**2023**	**2024**	**2025**	**Total**
Estimate of ultimate claims costs:						
At the end of accident year	**₱103,101,088**	**₱140,043,863**	**₱241,629,443**	**₱196,280,966**	**₱129,844,834**	**₱129,844,834**
One year later	**117,158,997**	**159,631,776**	**68,695,678**	**112,096,876**	**–**	**112,096,876**
Two years later	**161,117,723**	**159,745,245**	**57,484,043**	**–**	**–**	**57,484,043**
Three years later	**164,135,975**	**153,020,848**	**–**	**–**	**–**	**153,020,848**
More than three years later	**314,272,403**	**-**	**–**	**–**	**–**	**314,272,403**
Current estimate of cumulative claims	**₱314,272,403**	**₱153,020,848**	**₱57,484,043**	**₱112,096,876**	**₱129,844,834**	**₱766,719,004**
Estimate of gross cumulative payments:						
At the end of accident year	**₱40,474,958**	**₱73,520,568**	**₱35,014,317**	**₱46,918,471**	**₱38,686,835**	**₱38,686,835**
One year later	**86,707,110**	**149,166,362**	**54,217,114**	**81,379,751**	**–**	**81,379,751**
Two years later	**146,924,255**	**151,317,615**	**53,930,289**	**–**	**–**	**53,930,289**
Three years later	**147,349,111**	**152,618,888**	**–**	**–**	**–**	**152,618,888**
More than three years later	**300,193,196**	**–**	**–**	**–**	**–**	**300,193,196**
Cumulative payments to date	**300,193,196**	**152,618,888**	**53,930,289**	**81,379,751**	**38,686,835**	**626,808,959**
Gross insurance liabilities	**14,079,206**	**401,960**	**3,553,754**	**30,717,124**	**91,157,999**	**139,910,043**
Unallocated loss adjustment expenses	**–**	**–**	**–**	**–**	**–**	**–**
Best estimate of gross claims liabilities	**–**	**–**	**–**	**–**	**–**	**139,910,043**
Margin for adverse development	**–**	**–**	**–**	**–**	**–**	**28,753,895**
Gross insurance claims liabilities at December 31, 2025	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱168,663,938**

	2024					
Accident year	**Prior to 2021**	**2021**	**2022**	**2023**	**2024**	**Total**
Estimate of ultimate claims costs:						
At the end of accident year	₱57,290,543	₱103,101,088	₱140,043,863	₱241,629,443	₱196,280,966	₱196,280,966
One year later	90,298,151	117,158,997	159,631,776	68,695,678	–	68,695,678
Two years later	87,527,434	161,117,723	159,745,245	–	–	159,745,245
Three years later	89,543,346	164,135,975	–	–	–	164,135,975
More than three years later	93,202,528	–	–	–	–	93,202,528
Current estimate of cumulative claims	₱93,202,528	₱164,135,975	₱159,745,245	₱68,695,678	₱196,280,966	₱682,060,392
Estimate of gross cumulative payments:						
At the end of accident year	₱10,153,611	₱40,474,958	₱73,520,568	₱35,014,317	₱46,918,471	₱46,918,471
One year later	56,599,816	86,707,110	149,166,362	54,217,114	–	54,217,114
Two years later	82,516,207	146,924,255	151,317,615	–	–	151,317,615
Three years later	87,477,356	150,349,111	–	–	–	150,349,111
More than three years later	91,866,916	–	–	–	–	91,866,916
Cumulative payments to date	91,866,916	150,349,111	151,317,615	54,217,114	46,918,471	494,669,227
Gross insurance liabilities	1,335,612	13,786,864	8,427,630	14,478,564	149,362,495	187,391,169
Unallocated loss adjustment expenses	–	–	–	–	–	–
Best estimate of gross claims liabilities	–	–	–	–	–	187,391,169
Margin for adverse development	–	–	–	–	–	35,505,200
Gross insurance claims liabilities at December 31, 2024	₱–	₱–	₱–	₱–	₱–	₱222,896,365

Source of uncertainty in the estimation of future claim payments
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 the 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 reports the same to management.

The liability for these contracts comprises the incurred IBNR provision, a provision for reported claims not yet paid and a provision for unexpired risk at reporting dates. The IBNR provision is based on historical experience and is subject to a degree of uncertainty.

Financial Instruments
Due to the short-term nature of cash and cash equivalents, premiums due and uncollected, due from policyholders, receivable from third party administration arrangement, accounts receivable, other receivables, accrued interest receivable, performance bond, reserve and security funds, rental deposits, accounts payable and other liabilities, claims payable, policyholders' dividends due to related parties, premium deposit fund, their carrying values approximate their fair values at reporting dates.

The fair values of salary loans and mortgage loans are determined by computing the present value of the expected future cash flows of the loans using the predetermined market rate for similar instrument as of reporting date as discount rate. As of December 31, 2025 and 2024, the fair value of salary loans amounted to ₱464.45 million and ₱347.3 million, respectively.

The fair values of financial instruments classified as financial assets at FVTPL and at FVOCI that are actively traded in an organized exchange or active markets are determined by reference to quoted market or broker bid prices at the close of business as of reporting dates. For shares in an open-ended investment company, fair value is established by reference to published Net Asset Value (NAV) per share. For proprietary shares, as these instruments are not quoted in an active market, the Company uses the most recent price at which the instruments were sold, are being sold to third parties.

The Company classifies its non-linked financial assets at fair value as follows:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL:				
Mutual funds	**₱119,115,070**	**₱–**	**₱–**	**₱119,115,070**
Unit investment trust funds	**67,014,427**	**–**	**–**	**67,014,427**
Listed equity securities	**78,953**	**–**	**–**	**78,953**
Proprietary shares	**–**	**–**	**4,370,280**	**4,370,280**
Financial assets at FVOCI:				
Government debt securities	**1,146,642,488**	**198,334,308**	**–**	**1,344,976,796**
Corporate debt securities	**613,347,442**	**–**	**–**	**613,347,442**
	₱1,946,198,380	**₱198,334,308**	**₱4,370,280**	**₱2,148,902,968**

	2024			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Unit investment trust funds	₱69,878,474	₱–	₱–	₱69,878,474
Mutual funds	112,388,081	–	–	112,388,081
Listed equity securities	81,209	–	–	81,209
Proprietary shares	–	–	4,370,280	4,370,280
Financial assets at FVOCI:	–	–	–	–
Government debt securities	709,373,197	1,097,868,599	–	1,807,241,796
Corporate debt securities	157,625,471	–	–	157,625,471
	₱1,049,346,432	₱1,097,868,599	₱4,370,280	₱2,151,585,311

The Company classifies its unit-linked financial assets at fair value as follows:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Unit investment trust funds	**₱3,517,323,022**	**₱–**	**₱–**	**₱3,517,323,022**
Mutual funds	**₱280,275,469**	**–**	**–**	**₱280,275,469**

	2024			
	Level 1	Level 2	Level 3	Total
Unit investment trust funds	₱1,807,241,796	₱–	₱–	₱1,807,241,796
Mutual funds	157,625,471	–	–	157,625,471

<u>Financial Risks</u>
The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. The relevant financial risks faced by the Company in its day-to-day operations are market risk, credit risk and liquidity risk.

The BOD is the ultimate governing body with overall risk oversight. Board Risk and Compliance Oversight Committee (BRCOC) assists the Board in fulfilling its supervision and monitoring responsibilities in respect of internal control, including monitoring the risk profile of the legal entities and combined and compared to the targeted level of risk appetite as set by the Board. ELGAP Risk Officer is the advisor to the BRCOC concerning all Risk related topics, including limits, exposures and methodologies.

Credit risk
The Company has a significant exposure to credit risk, defined as the risk of financial loss resulting from the failure of counterparty to meet its contractual obligations to the Company. In particular, the Company is exposed to credit risk in the following accounts:

- Amounts due from Department of Education (DepEd) teachers and private institution employees;
- Amounts due from related parties and employees;
- Reinsurers' share in insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance policyholders;
- Amounts due from insurance intermediaries; and
- Amounts due from banks.

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such counterparty limits are subject to an annual or more frequent review. Limits are approved regularly as the need arises at the BOD level.

The Company fully complies with the guidelines issued by the DepEd in granting loans to teachers which are monitored by DepEd on a regular basis. Any violation shall result to the revocation of the Company's license to extend loans to public school teachers. The Company's credit evaluation policies are anchored on the DepEd guidelines on net take home pay of the teachers and authenticity of documents submitted by the borrowers.

The ManCom has also created a special committee (DepEd Committee), tasked to monitor the DepEd loans business. The DepEd Committee meets on a monthly basis to discuss developments and status of past due accounts, action plans for collecting unpaid accounts and other pertinent issues relative to the loans operations. The DepEd Committee, in turn, reports to the ManCom the status of the loans business on a regular basis.

Loans to policyholders granted against the cash surrender value of policies carry substantially minimal credit risk.

A significant credit exposure arises with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and/or excellent track records which are allowed to participate in the Company's reinsurance programs. Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

In respect of investments securities, the Company secures satisfactory credit quality by setting maximum limits of portfolio securities with a single or group of issuers, excluding those secured on specific assets and setting the minimum ratings for the issuer. The Company sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long term ratings.

The table below shows the maximum exposure to credit risk as of December 31, 2025 and 2024:

Non-linked

	2025	2024
Cash and cash equivalents (excluding cash on hand)	**₱359,638,370**	₱359,359,497
Premiums due and uncollected	**752,011,996**	1,569,318,439
Reinsurance recoverable on paid losses	**551,197,253**	562,584,757
Reinsurance recoverable on unpaid losses	**67,978,840**	74,823,554
Financial assets at FVOCI	**1,958,871,798**	1,965,414,827
Loans and receivables	**820,662,391**	1,030,370,460
Accrued interest receivable	**28,428,349**	30,770,911
Other assets*	**33,791,510**	33,769,868
	₱4,572,580,507	₱5,626,412,313

**excluding creditable withholding taxes, prepayments and miscellaneous*

Unit-linked

	2025	2024
Cash and cash equivalents	**₱33,371,612**	₱25,012,403
Accounts receivable	**3,282,000**	7,637,159
	₱36,653,612	₱32,649,562

The Company uses an external credit grading system from various rating agencies based on the borrowers and counterparties overall credit worthiness, as described below:

Investment grade - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through the public markets and/or credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment grade - satisfactory - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations, for individuals into business or for corporate entities. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

The Company assessed that its cash and cash equivalents, premiums due and uncollected, reinsurance recoverable on paid and unpaid losses, financial assets at FVOCI, accrued interest receivable, and other assets have investment grade and ECL recognized under stage 1. There were no transfers during the year.

The table below provides information regarding the credit risk exposure of the Company's loans and receivables by classifying as to the counterparties' credit grading and staging assessment of the outstanding allowance for ECL.

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Investment grade	**₱108,406,417**	**₱–**	**₱–**	**₱108,406,417**
Non-investment grade - satisfactory	**672,299,917**	**9,547,863**	**–**	**681,847,780**
Past due or impaired	**–**	**–**	**30,408,193**	**30,408,193**
	₱780,706,334	**₱9,547,863**	**₱ 30,408,193**	**₱820,662,390**

	2024			
	Stage 1	Stage 2	Stage 3	Total
Investment grade	₱74,644,696	₱–	₱–	₱74,644,696
Non-investment grade - satisfactory	918,810,942	10,739,147	–	929,550,089
Past due or impaired	–	–	26,175,674	26,175,674
	₱993,455,638	₱10,739,147	₱26,175,674	₱1,030,370,459

Liquidity risk
The Company is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The Company maintains minimum proportion of sufficient funds available to meet such calls to cover maturities, claims and surrenders at unexpected levels of demand.

The BOD has formed an Asset and Liability Committee (ALCO) which meets on a quarterly basis to ensure the adequacy of reserves and liquid assets and complies with the regulatory reserve and liquidity requirements. Cash forecasts are prepared and reviewed by the ALCO, DepEd Committee and Investment Committee to ensure that the operational funding requirements are adequately met.

The table below summarizes the maturity profile of the Company's liabilities as at December 31, 2025 and 2024 based on contractual undiscounted payments except for the legal policy reserves of the life and non-life insurance contracts (included in the "Insurance contract liabilities" account) which shows the maturity analysis based on the estimated timing of the net cash outflows using the recognized insurance liability amounts:

	2025					
	On Demand	**Up to a Year**	**1 -2 Years**	**2 -3 Years**	**Over 3 Years**	**Total**
Insurance contract liabilities:						
Claims payable	**₱–**	**₱481,409,740**	**₱–**	**₱–**	**₱–**	**₱481,409,740**
Policyholders' dividends	**4,515,319**	**–**	**–**	**–**	**–**	**4,515,319**
Premium deposit fund	**1,734,691**	**–**	**–**	**–**	**–**	**1,734,691**
Accounts payable and other liabilities:						
Accounts payable	**–**	**92,082,901**	**–**	**–**	**–**	**92,082,901**
Life insurance deposits	**–**	**80,092,834**	**–**	**–**	**–**	**80,092,834**
Accrued expenses	**–**	**44,678,598**	**–**	**–**	**–**	**44,678,598**
Due to policyholders	**–**	**5,526,876**	**–**	**–**	**–**	**5,526,876**
Lease liabilities	**–**	**27,997,948**	**1,178,550**	**–**	**–**	**29,176,498**
Insurance payables	**–**	**517,943,400**	**–**	**–**	**–**	**517,943,400**
Others	**–**	**167,179,435**	**–**	**–**	**–**	**167,179,435**
	₱6,250,010	**₱1,416,911,732**	**₱1,178,550**	**₱–**	**₱–**	**₱1,424,340,292**

	2024					
	On Demand	Up to a Year	1 -2 Years	2 -3 Years	Over 3 Years	Total
Insurance contract liabilities:						
Claims payable	₱–	₱865,258,060	₱–	₱–	₱–	₱865,258,060
Policyholders' dividends	4,268,304	–	–	–	–	4,268,304
Premium deposit fund	1,789,407	–	–	–	–	1,789,407
Accounts payable and other liabilities:						
Accounts payable	–	399,265,050	–	–	–	399,265,050
Life insurance deposits	–	59,549,497	–	–	–	59,549,497
Accrued expenses	–	88,501,766	–	–	–	88,501,766
Due to policyholders	–	12,292,602	–	–	–	12,292,602
Lease liabilities	–	36,945,527	27,038,624	–	–	63,984,151
Insurance payables	–	557,704,047	–	–	–	557,704,047
Others	–	387,830,368	–	–	–	387,830,368
	₱6,057,711	₱2,407,346,917	₱27,038,624	₱–	₱–	₱2,440,443,252

Market risk
Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of adverse changes in market prices. Market risk relevant to the Company comprises market rate (fair value interest rate risk) and market price (equity price risk) risks.

Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of adverse changes in market interest rates. Fixed rate securities and receivables, in particular, are exposed to such risk.

The Company's investment policy is to maintain an adequate yield to match the interest necessary to support future policy liabilities. Management's focus is to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company has an Investment Committee which approves all investment undertaking of the Company and meets on a quarterly basis. The Company adopts an investment strategy to invest primarily in high quality securities while maintaining diversification to avoid significant exposure to issuer and/or industry concentrations.

The following table shows the information relating to the Company's financial instruments as of December 31, 2025 and 2024 that are exposed to fair value interest rate risk presented by maturity profile:

	2025						
	Range of Interest Rate	**On Demand**	**Less than 1 Year**	**1 -2 Years**	**2 -3 Years**	**More than 3 Years**	**Total**
Cash and cash equivalents							
(excluding cash on hand)	**0.25% - 5.5%**	**₱211,819,445**	**₱147,818,925**	**₱–**	**₱–**	**₱–**	**₱359,638,370**
Financial assets at FVOCI							
Government debt securities	**3.75%-8.60%**	**–**	**–**	**728,596,112**	**46,748,864**	**1,065,929,754**	**1,841,274,730**
Corporate debt securities	**3.60%-8.03%**	**–**	**–**	**78,773,793**	**–**	**38,823,275**	**117,597,068**
Loans and receivables							
Salary loans	**5.70% - 9.660%**	**–**	**26,287,936**	**10,744,828**	**21,358,444**	**375,418,126**	**433,809,334**
Mortgage loans	**6.00%**	**–**	**3,233,748**	**1,793,968**	**1,642,942**	**1,251,470**	**7,922,128**
Policy loans	**10.00%**	**8,509,402**	**–**	**–**	**–**	**–**	**8,509,402**
		₱220,328,847	**₱177,340,609**	**₱819,908,701**	**₱69,750,250**	**₱1,481,422,625**	**₱2,768,751,032**
Policyholders' dividends	**4.00%**	**₱4,515,319**	**₱–**	**₱–**	**₱–**	**₱–**	**₱4,515,319**
Premium deposit fund	**4.00-6.00%**	**1,734,691**	**–**	**–**	**–**	**–**	**1,734,691**
		₱6,250,010	**₱–**	**₱–**	**₱–**	**₱–**	**₱6,250,010**

	2024						
	Range of Interest Rate	On Demand	Less than 1 Year	1 -2 Years	2 -3 Years	More than 3 Years	Total
Cash and cash equivalents							
(excluding cash on hand)	0.25% - 5.5%	₱294,495,724	₱64,863,773	₱–	₱–	₱–	₱359,359,497
Financial assets at FVOCI							
Government debt securities	3.50%-8.75%	–	16,174,516	110,332,592	93,917,493	1,587,316,132	1,807,740,733
Corporate debt securities	3.75%-8..00%	–	9,218,678	51,728,546	3,799,440	92,927,429	157,674,093
Loans and receivables							
Salary loans	5.70% - 9.660%	–	23,896,764	9,767,471	19,415,664	341,269,803	394,349,70
Mortgage loans	6.00%	–	4,520,792	2,507,973	2,296,839	1,749,559	11,075,163
Policy loans	10.00%	34,569,107	–	–	–	–	34,569,107
		₱329,064,831	₱118,674,523	₱174,336,582	₱119,429,436	₱2,023,262,923	₱2,764,768,295
Policyholders' dividends	4.00%	₱4,268,304	₱-	₱–	₱–	₱–	₱–
Premium deposit fund	4.00-6.00%	1,789,407	–	–	–	–	1,789,407
		₱6,057,711	₱–	₱–	₱–	₱–	₱6,057,711

The sensitivity analysis below is presented for reasonably possible movements in interest rates with all other variables held constant, showing the impact on equity (that reflects adjustments due to changes in fair value of FVOCI financial assets):

	Change in Interest Rate	**Impact on Equity**
2025	**1.00%**	**₱6,616,378**
	-1.00%	**(3,375,007)**
2024	1.00%	(₱902,794)
	-1.00%	904,999

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

Equity price risk
The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities and investment in mutual funds classified as financial assets at FVTPL. Such securities are subject to price risk due to possible adverse changes in market values of instruments arising from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Company invests in equity securities for various reasons, including reducing its overall exposure to interest rate risk.

The Company has an IMA with ATRAM Trust Corp. which monitors and manages a portion of the Company's investments. The Investment Committee of the Company oversees its investment undertaking.

The analysis below is performed for reasonably possible movements in PSE index with all other variables held constant, showing the impact on equity and profit before tax:

	Change in PSE Index	Impact on Profit Before Tax	Impact on Equity
2025	**5.00%**	**₱3,948**	**₱2,961**
	-5.00%	**(3,948)**	**(2,961)**
2024	**5.00%**	**₱4,060**	**₱3,045**
	-5.00%	**(4,060)**	**(3,045)**

In 2025 and 2024, the Company determined the reasonably possible change in PSE index using the specific adjusted data for each equity security the Company holds as of the reporting dates. The adjusted data is the forecasted measure of the volatility of security or a portfolio in comparison to the market as a whole.

The analysis below is performed for reasonably possible movements in NAV per share with all other variables held constant, showing the impact on equity and Profit before tax:

	Change in NAV per Share	Impact on Profit Before Tax	Impact on Equity
2025	**5.00%**	**₱8,506,475**	**₱6,379,856**
	-5.00%	**(8,506,475)**	**(6,379,856)**
2024	5.00%	₱1,195,677	₱896,758
	-5.00%	(1,195,677)	(896,758)

Foreign currency risk
The Company's foreign exchange risk arises primarily from any transaction denominated in a foreign currency such as the US Dollar. In 2025 and 2024, the Company's transactions are primarily denominated in Philippine Peso, thus, reducing the Company's exposure to currency risk to an insignificant amount.

29. Contingencies and Subsequent Events

The Company is currently involved in various legal proceedings and the Company currently does not believe these proceedings will have a material adverse effect on the Company's financial position as of reporting date.

30. Approval of the Financial Statements

The accompanying financial statements of the Company were authorized for issue by BOD on April 15, 2026.

31. Current and Non-current Classification

The following tables present the assets and liabilities by contractual maturity:

	2025			2024		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Cash and cash equivalents	**₱359,876,585**	**₱–**	**₱359,876,585**	₱359,510,307	₱–	₱359,510,307
Insurance receivables	**1,244,770,339**	**–**	**1,244,770,339**	2,085,752,313	–	2,085,752,313
Reinsurance assets	**79,775,836**	**–**	**79,775,836**	151,471,469	–	151,471,469
Financial assets:		**–**			–	
At fair value through profit or loss	**190,578,730**	**–**	**190,578,730**	186,718,044	–	186,718,044
At fair value through other comprehensive income	**25,492,309**	**1,932,831,929**	**1,958,324,238**	25,389,795	1,939,477,471	1,964,867,266
Loans and receivables	**363,442,001**	**412,209,778**	**775,651,779**	613,457,436	377,007,308	990,464,744
Accrued interest receivable	**28,428,349**	**–**	**28,428,349**	30,770,911	–	30,770,911
Due from related parties	**4,220,999**	**–**	**4,220,999**	3,798,223	–	3,798,223
Segregated fund assets	**3,694,989,501**		**3,694,989,501**	3,535,969,570	–	3,535,969,570
Right-of-use assets	**–**	**37,110,488**	**37,110,488**	–	70,342,503	70,342,503
Property and equipment	**–**	**102,960,054**	**102,960,054**	–	107,179,678	107,179,678
Intangible assets	**–**	**469,091,893**	**469,091,893**	–	453,689,334	453,689,334
Deferred acquisition cots	**11,840,596**	–	**11,840,596**	27,947,968	–	27,947,968
Other assets	**379,835,815**	–	**379,835,815**	308,039,170	–	308,039,170
Deferred tax asset - net	–	**171,429,732**	**171,429,732**	–	223,904,540	223,904,540
Total Assets	**₱6,383,251,060**	**₱3,125,633,874**	**₱9,508,884,934**	₱7,328,825,206	₱3,171,600,834	₱10,500,426,040
Liabilities						
Segregated fund liabilities	**₱3,694,989,501**	**₱–**	**₱3,694,989,501**	₱3,535,969,570	₱–	₱3,535,969,570
Insurance contract liabilities	**1,353,821,554**	**680,348,881**	**2,034,170,435**	2,362,390,591	359,077,444	2,721,468,035
Accounts payable and other liabilities	**391,295,334**	–	**391,295,334**	949,228,692	–	949,228,692
Insurance payables	**517,943,400**	–	**517,943,400**	557,704,047	–	557,704,047
Lease liabilities	**27,997,948**	**1,178,550**	**29,176,498**	36,945,527	27,038,624	63,984,151
Due to related parties	**5,001,168**	–	**5,001,168**	1,777,040	–	1,777,040
Net pension liability	–	**87,155,679**	**87,155,679**	–	19,548,956	19,548,956
Total Liabilities	**₱5,991,048,905**	**₱768,683,110**	**₱6,759,732,015**	₱7,444,015,467	₱405,665,024	₱7,849,680,491

32. Supplementary Tax Information Required Under Revenue Regulations (RR) 15-2010

The Company reported and/or paid the following taxes in 2025:

<u>Value-added tax (VAT)</u>
The NIRC of 1997 provides for the imposition of VAT on sales of goods and services. The Company, however, as a domestic corporation doing life insurance business, is a non-VAT registered Company. Sales or receipts of life insurance premiums are subject to percentage tax called premium tax.

The premium tax rate was reduced from 5.0% to 2.0% pursuant to Republic Act 10001. The Company paid premium taxes amounting to ₱93.1 million in 2025.

An analysis of the Company's VAT transactions is presented below:

Transactions subject to VAT	₱421,149,977
VAT rate	12%
VAT on sales / receipts	50,537,997
Less allowable input tax	22,861,838
Output VAT declared in returns	₱27,676,159

The roll forward of Input VAT is presented below:

As of January 1, 2025	₱–
Input VAT on domestic purchase of services	207,351,760
Input VAT on domestic purchases of goods other than capital goods	2,127,933
Total available input VAT	209,479,693
Input VAT allocable to exempt sales, treated as part of Company costs	186,617,855
Allowable input VAT claimed as offset against output VAT	₱22,861,838

Information on the Company's Importations
The Company has not undertaken any importation activity in 2025.

Excise taxes
The Company is neither involved in the local production nor in the importation of excisable items, therefore, has not paid excise taxes.

Documentary Stamp Tax

On others - policy issuance	₱19,015,701
On loan instruments	2,333,978
	₱21,349,679

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, license and permit fees. Details of other taxes and licenses in 2025 follow:

License and permit fees	₱17,346,640
Fringe benefit tax	3,467,902
Others	21,975
	₱20,836,517

Withholding Taxes
Details of taxes withheld in 2025 follow:

Creditable withholding taxes	₱207,131,008
Withholding taxes on compensation and benefits	37,859,237
Final withholding tax	53,253,631
	₱298,243,876

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Etiqa Life and General Assurance Philippines, Inc.
Etiqa Atrium, 10-12E Floor
107 Aguirre St., Legazpi Village, Makati City, Metro Manila

We have audited the financial statements of Etiqa Life and General Assurance Philippines, Inc. (the Company) as at and for the year ended December 31, 2025, on which we have rendered the attached report dated April 15, 2026.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has two (2) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Glenda C. Anisco-Niño
Partner
CPA Certificate No. 114462
Tax Identification No. 225-158-629
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
SEC Partner Accreditation No. 114462-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements
BIR Accreditation No. 08-001998-196-2025, October 29, 2025, valid until October 28, 2028
PTR No. 10765006, January 2, 2026, Makati City

April 15, 2026

ETIQA LIFE AND GENERAL ASSURANCE PHILIPPINES, INC.

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

December 31, 2025

	Years Ended December 31	
	2025	2024
Total Audit Fees	**₱3,280,000**	₱2,750,000
Non-audit Service Fees:		
Other assurance services	**1,000,000**	–
Tax services	**–**	–
All other services	**–**	–
Total Non-audit Fees	**1,000,000**	–
Total Audit and Non-audit Fees	**₱4,280,000**	₱2,992,500