



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

Receiving: DONNA ENCARNADO

Receipt Date and Time: August 18, 2026 03:30:27 PM

Company Information

SEC Registration No.: 0000080118

Company Name: NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES DOING BUSINESS UNDER THE NAMES AND STYLES OF NAT RE; PHILIPPINE NATIONAL REINSURANCE COMPANY, AND PHILNARE

Industry Classification: J67030

Company Type: Stock Corporation

Document Information

Document ID: OST108182026811787283

Document Type: QUARTERLY_REPORT

Document Code: SEC_Form_17-Q

Period Covered: June 30, 2026

Submission Type: Original Filing

Remarks: None

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

COVER SHEET

						8	0	1	1	8
--	--	--	--	--	--	---	---	---	---	---

SEC Registration Number

[illegible]

(Company's Full Name)

3	1	F		B	P	I		A	I	A		M	A	K	A	T	I		6	8	1	1						
---	---	---	--	---	---	---	--	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--

[illegible]

(Business Address: No., Street City / Town / Province)

Jacqueline Michelle Dy

Contact Person

(02) 8988-7400

(02) 8988-7400
Company Telephone Number

1	2
---	---

Month

3	1
---	---

Day

SEC Form 17-Q
2nd Quarter ending June 30, 2026

FORM TYPE

4th Wednesday of
June

Month Day

Fiscal Year

Annual Meeting

Secondary License Type, If Applicable

--	--	--

Dept Requiring this Doc

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATIONS ACT AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarter ended **June 30, 2026**
2. Commission identification Number **80118**
3. BIR Tax Identification Number **000-480-869-000**
4. **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** doing business
under the names and styles of Nat Re; Philippine National Reinsurance Company; PhilNaRe
Exact name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry classification code (SEC Use Only)
7. **31st FLOOR, BPI AIA MAKATI, 6811 AYALA AVENUE MAKATI CITY, PHILIPPINES**
1209
Address of registrant's principal office Postal Code
8. **(632) 8988-7400**
Registrant's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA as at quarter ended:

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common	2,123,605,600
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [✓] No []
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such report);
Yes [✓] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [✓] No []

PART I. - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements listed below and covering pages 17 to 90 of this report are filed as part of this Form 17-Q:

- a. Statements of Financial Position as at June 30, 2026 and December 31, 2025.
- a. Statements of Income:
 - i. For the six-month ended June 30, 2026 and 2025.
 - ii. For the three-month ended June 30, 2026 and 2025.
- b. Statements of Comprehensive Income:
 - i. For the six-month ended June 30, 2026 and 2025.
 - ii. For the three-month ended June 30, 2026 and 2025.
- c. Statements of Changes in Equity for the six-month ended June 30, 2026 and 2025.
- d. Statements of Cash Flows:
 - i. For the six-month ended June 30, 2026 and 2025.
 - ii. For the three-month ended June 30, 2026 and 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

I. RESULTS OF OPERATIONS

a. For the six-month ended June 30, 2026 and 2025

In Millions PHP	For the six-month ended		Inc(dec)	
	June 30, 2026	June 30, 2025	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums – net of returns	P2,877.0	P3,289.2	(P412.2)	-13%
Retroceded premiums	(851.9)	(653.3)	(198.6)	30%
Net premiums retained	2,025.1	2,635.9	(610.8)	-23%
Movement in premium reserves – net	(214.1)	(447.9)	233.8	-52%
	1,811.0	2,188.0	(377.0)	-17%
UNDERWRITING DEDUCTIONS				
Claims and claims reserves – net	(1,183.4)	(1,394.4)	211.0	-15%
Commissions – net	(301.9)	(390.9)	89.0	-23%
	(1,485.3)	(1,785.3)	300.0	-17%
Other underwriting expense	(27.3)	(101.9)	74.6	-73%
NET UNDERWRITING INCOME	298.4	300.8	(2.4)	-1%
INVESTMENT AND OTHER INCOME AND EXPENSES – net	407.2	318.5	88.7	28%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	705.6	619.3	86.3	14%
GENERAL AND ADMINISTRATIVE EXPENSES	(212.9)	(191.2)	(21.7)	11%
PROFIT BEFORE TAX	492.7	428.1	64.6	15%
TAX EXPENSE	(95.4)	(75.4)	(20.0)	27%
NET PROFIT	P397.3	P352.7	P44.6	13%

Underwriting Results

Net underwriting income remained at the same level as the prior period at P298.4 million in 2026 (2025: P300.8 million). Growth in the Life and Non-life foreign businesses was offset by the decline in Non-life domestic performance.

Higher underwriting income from the Life business resulted mainly from lower commissions incurred and lower other underwriting expense recognized in 2026, partially negated by lower premiums generated.

Net underwriting income from the Non-life foreign business (compared to the net underwriting losses in 2025) was mainly attributable to favorable claims development from a certain Agriculture treaty, partially negated by the unfavorable impact of foreign exchange rates on claims, adjustments of sliding commissions and lower reinsurance premium income from Agriculture treaties.

Lower underwriting income from the Non-life domestic business in 2026 resulted mainly from lower favorable claims development from past underwriting years and higher catastrophe losses in 2026 related to the Sarangani Earthquake compared to the losses incurred from Typhoon Carina in 2025.

Reinsurance premium income

Reinsurance premium income amounted to P1,811.0 million, lower by P377.0 million than the same period of 2025. The decline was mainly attributable to (1) Lower reinsurance premium income from the Life business, as the prior period results reflected higher-than-expected premiums reported under the Group treaties compared to the current period and lower reported premiums under the modified coinsurance arrangements; (2) Lower reinsurance premium income from Agriculture treaties under the Non-life foreign business; and (3) Higher retroceded quota share under the Non-life domestic business, partially negated by lower cost of the Company's excess of loss cover.

Claims and claims reserves – net; Other underwriting expense

Claims and claims reserves – net amounted to P1,183.4 million, lower by P211.0 million or 15% than the same period of 2025, while other underwriting expense amounted to P27.3 million, lower by P74.6 million or 73% than the same period of 2025.

	For the six-month ended		Inc (dec)	
	June 30, 2026	June 30, 2025	Amount	%
Claims and claims reserves – net (A)	P1,183.4	P1,394.4	(P211.0)	-15%
Other underwriting expense (B)	27.3	101.9	(74.6)	-73%
Total (C) [A+B]	1,962.5	2,005.9	(285.6)	-19%
Total earned premiums (D)	P1,811.0	P2,188.0	(P377.0)	-17%
Loss ratio (C/D)	67%	68%		

The claims ratio remained at the same level as the prior period. This was mainly attributable to favorable claims development from a certain Agriculture treaty under the Non-life foreign business, net of unfavorable impact of foreign exchange rates on claims. This was partially negated by lower favorable claims development from past underwriting years and higher catastrophe losses in 2026 related to the Sarangani Earthquake compared to the losses incurred from Typhoon Carina in 2025 under the Non-life domestic business.

Other underwriting expense was mainly attributable to costs incurred under a group life treaty that participates in a pooling arrangement.

Commissions – net

Commissions – net amounted to P301.9 million, lower by P89.0 million or 23% than the same period of 2025 resulting to commission ratios of 17% in 2026 and 18% in 2025 (relative to earned premiums).

The commission ratio remained at the same level as the prior period. This is mainly attributable to lower reported premiums and commissions for the modified coinsurance arrangements under the Life business and was partially negated by higher commission ratio in the Non-life foreign business. The unfavorable variance was due mainly to adjustments in sliding commissions from a certain Agriculture treaty resulting from the favorable claims development.

Investment and other income and expenses, net amounted to P407.2 million, higher by P88.7 million or 28% than the same period of 2025.

This resulted mainly from higher foreign exchange gains, interest income, and fair value changes from held-for-trading securities recognized in 2026 as compared to 2025. The increase is partially negated by (1) Lower gain on sale from available-for-sale and held-for trading financial assets in 2026 as compared to 2025; and (2) Impairment loss from an available-for sale security in 2026.

General and administrative expenses amounted to P212.9 million, higher by P21.7 million or 11% than the same period of 2025, resulting mainly from higher professional fees and manpower costs.

Tax expense amounted to P95.4 million, higher by P20.0 million or 27% than the same period of 2025 resulting mainly from the increase in final tax.

b. For the three-month ended June 30, 2026 and 2025

In Millions PHP	For the three-month ended		Inc(dec)	
	June 30, 2026	June 30, 2025	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums - net of returns	P1,678.1	P1,917.0	(P238.9)	-12%
Retroceded premiums	(489.7)	(376.8)	(112.9)	30%
Net premiums retained	1,188.4	1,540.2	(351.8)	-23%
Movement in premium reserves – net	(269.8)	(433.9)	164.1	-38%
	918.6	1,106.3	(187.7)	-17%
UNDERWRITING DEDUCTIONS				
Claims and claims reserves – net	(688.6)	(811.3)	122.7	-15%
Commissions – net	(105.2)	(220.3)	115.1	-52%
	(793.8)	(1,031.6)	237.8	-23%
Other underwriting expense	(27.3)	–	(27.3)	N/A
NET UNDERWRITING INCOME	97.5	74.7	22.8	31%
INVESTMENT AND OTHER INCOME AND EXPENSES – net	282.4	201.0	81.4	40%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	379.9	275.7	104.2	38%
GENERAL AND ADMINISTRATIVE EXPENSES	(119.5)	(107.0)	(12.5)	12%
PROFIT BEFORE TAX	260.4	168.7	91.7	54%
TAX EXPENSE	(36.7)	(10.5)	(26.2)	250%
NET PROFIT	P223.7	P158.2	P65.5	41%

Underwriting Results

Net underwriting income amounted to P97.5 million, higher by P22.8 million or 31% than the second quarter of 2025. Higher net underwriting income in 2026 was mainly attributable to the Life and Non-life foreign businesses, partially negated by the net underwriting loss in 2026 from the Non-life domestic business, compared to the net underwriting income in 2025.

Higher underwriting income from the Life business was mainly attributable to favorable claims development from past underwriting years and lower commissions incurred. These were partially negated by lower premiums generated.

Better underwriting results from the Non-life foreign business were mainly attributable to a favorable adjustment in sliding commissions. This was partially negated by unfavorable impact of foreign exchange rates on claims.

The net underwriting loss from the Non-life domestic business (compared to the net underwriting income in 2025) was mainly attributable to lower favorable claims development from past underwriting years and higher catastrophe losses in 2026 related to the Sarangani Earthquake compared to the losses incurred from Typhoon Carina in 2025.

Reinsurance premium income

Reinsurance premium income amounted to P918.6 million, lower by P187.7 million or 17% than the second quarter of 2025.

The decline was mainly attributable to (1) Lower reinsurance premium income from the Life business, as the prior period results reflected higher-than-expected premiums reported under the Group treaties compared to the current period, lower reported premiums under the modified coinsurance arrangements; (2) Higher retroceded quota share under the Non-life domestic business, partially negated by the lower cost of excess of loss cover; and (3) Lower reinsurance premium income from the Non-life foreign business due to the non-renewal of certain Agriculture treaties. These were partially negated by higher premiums reported for certain Fire treaties from past underwriting years and the absence of premium reversals from personal cyber contracts.

Claims and claims reserves – net; Other underwriting expense

Claims and claims reserves – net amounted to P688.6 million, lower by P122.7 million or 15% than the second quarter of 2025, while other underwriting expense amounted to P27.3 million compared to nil in the same period of 2025.

	For the three-month ended		Inc (dec)	
	June 30, 2026	June 30, 2025	Amount	%
Claims and claims reserves – net (A)	P688.6	P811.3	(P122.7)	-15%
Other underwriting expense (B)	27.3	-	27.3	N/A
Total (C) [A+B]	715.9	811.3	(95.4)	-12%
Total earned premiums (D)	P918.6	P1,106.3	(P187.7)	-17%
Loss ratio (C/D)	78%	73%		

The higher claims ratio in 2026 was mainly attributable to (1) Lower favorable claims development from past underwriting years and higher catastrophe losses in 2026 related to the Sarangani Earthquake compared to the losses incurred from Typhoon Carina in 2025, under the Non-life domestic business; and (2) Unfavorable impact of foreign exchange rates on claims, compared to favorable impact in the prior period under the Non-life foreign business. These were partially negated by favorable claims development from past underwriting years compared to prior period under the Life business.

Other underwriting expense was mainly attributable to costs incurred under a group life treaty that participates in a pooling arrangement.

Commissions – net

Commissions – net amounted to P105.2 million, lower by P115.1 million or 52% than the second quarter of 2025 resulting to commission ratio of 11% in 2026 versus 20% in 2025 (relative to earned premiums).

Lower commission ratio was mainly attributable to (1) Lower premiums and commission for the modified coinsurance arrangements under the Life business; and (2) Favorable adjustment in sliding commissions from a certain treaty. These were partially negated by the absence of premium and commission reversals related to personal cyber treaties under the Non-life foreign business.

Investment and other income and expenses, net amounted to P282.4 million, higher by P81.4 million or 40% than the second quarter of 2025.

This resulted mainly from (1) Favorable fair value changes from held-for-trading securities; (2) Foreign exchange gains recognized in 2026 as compared to foreign exchange loss in 2025; and (3) Higher interest income recognized in 2026 as compared to 2025. These were partially negated by lower gain on sale from available-for-sale and held-for-trading financial assets in 2026 as compared to 2025.

General and administrative expenses amounted to P119.5 million, higher by P12.5 million or 12% than the second quarter of 2025 resulting mainly from higher professional fees and manpower costs.

Tax expense amounted to P36.7 million, higher by P26.2 million or 250% than the second quarter of 2025 resulting mainly from (1) Higher underwriting income and interest income; and (2) Foreign exchange gains in 2026 compared to foreign exchange losses in 2025.

II. FINANCIAL CONDITIONS

In Millions PHP	Unaudited	Audited	Inc(dec)	
	June 30, 2026	December 31, 2025	Amount	%
CASH AND CASH EQUIVALENTS	P408.0	P486.7	(P78.7)	-16%
REINSURANCE BALANCES RECEIVABLE – net	6,132.1	5,894.4	237.7	4%
HELD-FOR-TRADING (HFT) SECURITIES	1,061.7	854.7	207.0	24%
AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS	5,573.3	5,660.2	(86.9)	-2%
HELD-TO-MATURITY (HTM) SECURITIES	4,325.2	4,283.0	42.2	1%
OTHER INVESTMENTS	–	112.1	(112.1)	-100%
LOANS AND RECEIVABLES	138.2	126.6	11.6	9%
PROPERTY AND EQUIPMENT – net	30.4	29.3	1.1	4%
REINSURANCE RECOVERABLE ON REPORTED CLAIMS AND CLAIMS RESERVES – net	2,761.4	2,775.0	(13.6)	0%
DEFERRED ACQUISITION COSTS	1,020.1	1,145.7	(125.6)	-11%
DEFERRED REINSURANCE PREMIUMS	691.5	623.6	67.9	11%
DEFERRED TAX ASSETS – net	643.1	677.2	(34.1)	-5%
OTHER ASSETS – net	222.0	129.1	92.9	72%
TOTAL ASSETS	P23,007.0	P22,797.6	P209.4	1%
<u>LIABILITIES AND EQUITY</u>				
REINSURANCE BALANCES PAYABLE	P2,425.1	P2,164.7	P260.4	12%
FORWARD LIABILITY	8.9	1.8	7.1	394%
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	324.2	409.5	(85.3)	-21%
CLAIMS AND CLAIMS RESERVES	10,223.9	10,511.8	(287.9)	-3%
PREMIUM RESERVES	2,247.1	1,965.1	282.0	14%
DEFERRED REINSURANCE COMMISSIONS	20.4	11.6	8.8	76%
TOTAL LIABILITIES	15,249.6	15,064.5	185.1	1%
EQUITY	7,757.4	7,733.1	24.3	0%
TOTAL LIABILITIES AND EQUITY	P23,007.0	P22,797.6	P209.4	1%

Cash and cash equivalents amounting to P408.0 million as at June 30, 2026 decreased by P78.7 million or 16% from the balance as at December 31, 2025 of P486.7 million. The decrease in the balance resulted from payment of income taxes, the garnishment of funds in connection with the 2017 tax assessment and payment of dividends. These were partially offset by the collections of reinsurance balances receivable, interest received and proceeds from other investments.

Reinsurance balances receivable – net amounting to P6,132.1 million as at June 30, 2026 increased by P237.7 million or 4% from the balance as at December 31, 2025 of P5,894.4 million. The increase in the balance resulted mainly from the accrual of reinsurance premiums, net of commissions from the Non-life foreign business, partially negated by collections during the period.

Held-for-trading (HFT) securities amounting to P1,061.7 million as at June 30, 2026 increased by P207.0 million or 24% from the balance as at December 31, 2025 of P854.7 million. The movement in the account balance can be explained by the following:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P854.7	P448.0
Acquisitions	1,148.2	2,744.1
Disposals	(998.4)	(2,414.7)
Changes in fair value	47.4	66.6
Unrealized foreign currency gains	9.8	10.7
Balance at end of period	P1,061.7	P854.7

The increase in the balance resulted mainly from the purchase of new HFT securities, favorable change in fair value, and unrealized foreign exchange gains.

Available-for-sale (AFS) financial assets amounting to P5,573.3 million as at June 30, 2026 decreased by P86.9 million or 2% from the balance as at December 31, 2025 of P5,660.2 million. The movement in the account balance can be explained by the following:

	June 30, 2026	December 31, 2025
Cost		
Balance at beginning of period	P5,600.0	P5,248.7
Acquisitions	1,046.7	2,481.9
Disposals/maturities	(1,046.5)	(2,118.4)
Amortization	(5.5)	(11.2)
Impairment losses	(17.2)	(4.8)
Unrealized foreign currency gains	17.4	3.8
	5,594.9	5,600.0
Fair value adjustment		
Balance at beginning of period	60.2	31.0
Changes in fair value	(97.4)	52.6
Fair value gains on disposal	(1.6)	(28.2)
Impairment losses	17.2	4.8
	(21.6)	60.2
Balance at end of period	P5,573.3	P5,660.2

The decrease in the balance resulted mainly from unfavorable change in fair value amounting to P97.4 million, partially negated by unrealized foreign exchange gains of P17.4 million.

Held-to-maturity (HTM) securities amounting to P4,325.2 million as at June 30, 2026 increased by P42.2 million or 1% from the balance as at December 31, 2025 of P4,283.0 million. The movement in the account balance can be explained by the following:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P4,283.0	P4,024.5
Additions	241.6	1,362.3
Maturities	(207.1)	(1,108.4)
Amortization	(5.8)	0.7
Unrealized foreign currency gains	13.5	3.9
Balance at end of period	P4,325.2	P4,283.0

The increase in the balance resulted mainly from the purchase of government and corporate bonds amounting to P241.6 million, partially negated by maturities amounting to P207.1 million.

Loans and receivables amounting to P138.2 million as at June 30, 2026 increased by P11.6 million or 9% from the balance as at December 31, 2025 of P126.6 million. The increase in the balance was mainly attributable to receivables arising from unsettled sale of securities and accrued interest from the Company's investments.

Other investments amounted to nil as at June 30, 2026 compared to the balance as at December 31, 2025 of P112.1 million. This resulted from the maturities of short-term time deposits during the period.

Deferred acquisition costs amounting to P1,020.1 million as at June 30, 2026 decreased by P125.6 million or 11% from the balance as at December 31, 2025 of P1,145.7 million. This resulted mainly from the amortization of deferred acquisition costs from the Life modified coinsurance business.

Deferred reinsurance premiums amounting to P691.5 million as at June 30, 2026 increased by P67.9 million or 11% from the balance as at December 31, 2025 of P623.6 million. The increase in the balance resulted mainly from the higher retroceded quota share under the Non-life domestic business.

Deferred tax assets – net amounting to P643.1 million as at June 30, 2026 decreased by P34.1 million or 5% from the balance as at December 31, 2025 of P677.2 million. The decrease in the balance resulted mainly from the decrease in claims reserves.

Other assets – net amounting to P222.0 million as at June 30, 2026 increased by P92.9 million or 72% from the balance as at December 31, 2025 of P129.1 million. The increase in the balance mainly pertains to the recognition of a receivable amounting to P78.2 million from the BIR due to the garnishment of funds in connection with the 2017 tax assessment.

Reinsurance balances payable amounting to P2,425.1 million as at June 30, 2026 increased by P260.4 million or 12% from the balance as at December 31, 2025 of P2,164.7 million. The increase in the balance resulted mainly from the accrual of retroceded premiums, net of settlements, from both Life and Non-life businesses during the period.

Forward liability amounting to P8.9 million as at June 30, 2026 increased by P7.1 million or 394% from the balance as at December 31, 2025 of P1.8 million as the Company entered into new forward contracts during the period to manage the Company's exposure to foreign exchange fluctuations.

Accounts payable and accrued expenses amounting to P324.2 million as at June 30, 2026 decreased by P85.3 million or 21% from the balance as at December 31, 2025 of P409.5 million. The decrease in the balance was mainly due to the payment of the 2025 income tax liability, partially offset by the purchase of investment securities.

Premium reserves amounting to P2,247.1 million as at June 30, 2026 increased by P282.0 million or 14% from the balance as at December 31, 2025 of P1,965.1 million. The increase in the balance resulted mainly from higher premiums written in 2026 compared to 2025 from the Agriculture treaties under the Non-life foreign business.

Deferred reinsurance commissions amounting to P20.4 million as at June 30, 2026 increased by P8.8 million or 76% from the balance as at December 31, 2025 of P11.6 million. The increase was mainly driven by higher commission income from the Non-life domestic business, partially negated by earned commissions during the period.

III. KEY PERFORMANCE INDICATORS:

	For the six-month ended June 30, 2026	For the six-month ended June 30, 2025	% Inc.(Dec.)
1. Net profit	P397.3 million	P352.7 million	13%
2. Earnings Per Share (EPS) ^a	P0.187	P0.166	13%
3. Retention Ratio ^b	70%	80%	-13%
4. Combined Ratio ^c	96%	95%	1%
5. Return on Average Equity (ROE)	5.1%	5.0%	2%

(a) Net income divided by weighted average number of shares issued.

(b) Net premium written (NPW) divided by gross premiums written (GPW).

(c) Sum of following:

	2026	2025
Loss Ratio	67%	68%
Commission Ratio	17%	18%
Expense Ratio	12%	9%
Total	96%	95%

IV. FINANCIAL SOUNDNESS INDICATORS

	As at June 30, 2026	As at Dec. 31, 2025
Current Ratio	1.71 : 1.00	2.22 : 1.00
Asset to Equity Ratio	2.97 : 1.00	2.95 : 1.00
Total Liabilities/Equity	1.97 : 1.00	1.95 : 1.00

V. MATERIAL EVENT/S AND UNCERTAINTIES:

Other than the disclosure described in the preceding sections, the Company has nothing to report on the following:

1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
3. Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.
5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

VI. FINANCIAL RISK DISCLOSURE

The Company's investments are regulated under the pertinent provisions of the Amended Insurance Code, otherwise known as Republic Act (R.A.) 10607. The Amended Insurance Code generally requires all insurance companies to obtain prior approval of the Insurance Commission (IC) for any and all investments. Further, the Company reports all investments made and sold during the previous month to the IC. The IC reviews these investment reports and may require the immediate sale or disposal of any investment found to be too risky.

A portion of the Company's funds is invested in equities. Section 207 of the Amended Insurance Code provides that insurance companies may invest in listed equities of other financial institutions without need of prior approval by the Commissioner. Beyond the provisions of the Amended Insurance Code, the Company, through its Investment Committee, has established additional guidelines to manage the risk inherent in equity investments. The Company's own investment policy requires that the Company invest only in shares of common stock of companies that are listed on the Philippine Stock Exchange. Furthermore, these listed companies must have profitable business operations and market capitalization are on a scale that would qualify them as blue chips.

The Company also invests in fixed income securities in which it attempts to manage interest rate risk by managing the duration and average maturity of its fixed income portfolio. Asset-liability duration mismatches are evaluated based on the team's outlook on interest rates vis-a-vis the duration of the Company's liabilities. The fixed income portfolio is structured such that maturity profiles align with funding needs. Moreover, investments in fixed income securities are limited only to securities issued by entities of undisputedly strong creditworthiness and to those instruments have active secondary markets to allow transparent valuation and easier liquidation as needed.

A certain portion of the Company's investments is in foreign currencies, particularly the U.S. Dollar. These investments are monitored closely and are limited largely to dollar-denominated obligations backed by the full faith and credit of the Republic of the Philippines (ROP's). Foreign currency denominated investments are reported to the BSP on a monthly basis for monitoring.

VII. OTHER DISCLOSURE

Pursuant to SEC Memorandum Circular No. 8 (Series of 2014) provides guidance to non-bank financial institutions that are covered by Foreign Account Tax Compliance Act (FATCA) regulations, the Company is still evaluating/assessing the potential effects of FATCA to its business. Based on the regulation, the Company is a 'Non-financial foreign Entity' (NFFE) may either be an "exempt NFFE" or "non-exempt NFFE". Under the regulations also, excepted NFFEs such as publicly traded corporations are generally exempt from withholding tax as required by FATCA if a proper FATCA certification is provided to the payor.

The Bureau of Internal Revenue (BIR) advised all concerned Philippine Financial Institutions to take necessary steps to prepare for full implementation of the Inter-Governmental Agreement (IGA) on FATCA between the Philippines and the United States of America was signed on July 13, 2015. On December 01, 2016 President Duterte ratified the FATCA agreement and its transmitted to the Senate on December 06, 2016 for concurrence.

PART II. – OTHER INFORMATION

No other material information.

**NATIONAL REINSURANCE CORPORATION
OF THE PHILIPPINES**
(Registrant)

(original signed)
SANTINO U. SONTILLANO
Vice President & Head of Finance

(original signed)
JAIME JOSE M. JAVIER, JR.
Executive Vice President & Chief Operating Officer

(original signed)
ALLAN R. SANTOS
President & Chief Executive Officer

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF FINANCIAL POSITION

June 30, 2026 and December 31, 2025

(Amounts in thousands)

	<i>Notes</i>	June 30, 2026	December 31, 2025
ASSETS			
Cash and cash equivalents	4	P407,974	P486,711
Reinsurance balances receivable – net	5	6,132,144	5,894,354
Held-for-trading (HFT) securities	6	1,061,680	854,725
Available-for-sale (AFS) financial assets	7	5,573,318	5,660,229
Held-to-maturity (HTM) securities	8	4,325,184	4,282,996
Other Investments	9	–	112,054
Loans and receivables	10	138,183	126,584
Property and equipment – net	11	30,372	29,343
Reinsurance recoverable on reported claims and claims reserves – net	12	2,761,397	2,774,902
Deferred acquisition costs	13	1,020,103	1,145,676
Deferred reinsurance premiums	14	691,478	623,632
Deferred tax assets – net		643,109	677,208
Other assets – net	15	221,997	129,141
TOTAL ASSETS		P23,006,939	P 22,797,555
LIABILITIES AND EQUITY			
Liabilities			
Reinsurance balances payable	16	P2,425,123	P2,164,670
Forward liability	6	8,866	1,761
Accounts payable and accrued expenses	17	324,183	409,459
Claims and claims reserves	18	10,223,898	10,511,838
Premium reserves	19	2,247,050	1,965,134
Deferred reinsurance commissions	20	20,383	11,604
Total Liabilities		15,249,503	15,064,466
Equity	24	7,757,436	7,733,089
TOTAL LIABILITIES AND EQUITY		P23,006,939	P22,797,555

See Notes to the Financial Statements

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF INCOME

For the six months ended June 30, 2026 and 2025

(Amounts in thousands, except Earnings Per Share)

	<i>Notes</i>	June 30, 2026	June 30, 2025
Reinsurance premium income			
Reinsurance premiums – net of returns	<i>19</i>	P2,876,957	P3,289,183
Retroceded premiums	<i>14</i>	(851,940)	(653,309)
Net premiums retained		2,025,017	2,635,874
Movement in premium reserves – net	<i>14, 19</i>	(214,070)	(447,807)
		1,810,947	2,188,067
Underwriting deductions			
Claims and claims reserves – net	<i>22.1, 22.2</i>	1,183,377	1,394,439
Commissions – net	<i>22.3</i>	301,873	390,904
		1,485,250	1,785,343
Other underwriting expense		(27,298)	(101,852)
Net underwriting income		298,399	300,872
Investment and other income and expenses – net	<i>21</i>	407,226	318,492
Profit after investment and other income and expenses		705,625	619,364
General and administrative expenses	<i>23</i>	212,987	191,254
Profit before tax		492,638	428,110
Tax expense		95,379	75,446
Net profit		P397,259	P352,664
Earnings per share – basic and diluted	<i>27</i>	P0.187	P0.166

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF INCOME

For the three months ended June 30, 2026 and 2025

(Amounts in thousands, except Earnings Per Share)

	<i>Notes</i>	June 30, 2026	June 30, 2025
Reinsurance premium income			
Reinsurance premiums – net of returns	19	P1,678,095	P1,916,984
Retroceded premiums	14	(489,682)	(376,742)
Net premiums retained		1,188,413	1,540,242
Movement in premium reserves – net	14, 19	(269,845)	(433,858)
		918,568	1,106,384
Underwriting deductions			
Claims and claims reserves – net	22.1, 22.2	688,622	811,339
Commissions – net	22.3	105,187	220,256
		793,809	1,031,595
Other underwriting expense		(27,298)	–
Net underwriting income		97,461	74,789
Investment and other income and expenses – net	21	282,389	200,984
Profit after investment and other income and expenses		379,850	275,773
General and administrative expenses	23	119,459	107,090
Profit before tax		260,391	168,683
Tax expense		36,732	10,566
Net profit		P223,659	P158,117
Earnings per share – basic and diluted	27	P0.105	P0.074

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended June 30, 2026 and 2025

(Amounts in thousands)

	<i>Notes</i>	June 30, 2026	June 30, 2025
Net profit		P397,259	P352,664
Other comprehensive income (loss)			
Items that are and will be reclassified subsequently to profit or loss			
Fair value (losses) gains on AFS financial assets during the period	7	(97,454)	23,471
Amortization of unrealized gains on reclassified HTM securities to profit or loss		—	7,555
Fair value gains on disposal of AFS financial assets reclassified to profit or loss	7, 21	(1,560)	(28,567)
Fair value losses on impairment of AFS financial assets reclassified to profit or loss	7, 21	17,185	—
Income tax effect		(149)	73
Total other comprehensive income (loss)		(81,978)	2,532
Total comprehensive income		P315,281	P355,196

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended June 30, 2026 and 2025

(Amounts in thousands)

	<i>Notes</i>	June 30, 2026	June 30, 2025
Net profit		P223,659	P158,117
Other comprehensive income (loss)			
Items that are and will be reclassified subsequently to profit or loss			
Fair value (losses) gains on AFS financial assets during the period	7	(4,688)	9,396
Amortization of unrealized gains on reclassified HTM securities to profit or loss		–	3,768
Fair value gains on disposal of AFS financial assets reclassified to profit or loss	7, 21	(4,283)	(28,027)
Income tax effect		(35)	41
Total other comprehensive loss		(9,006)	(14,822)
Total comprehensive income		P214,653	P143,295

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CHANGES IN EQUITY

For the periods ended June 30, 2026 and 2025

(Amounts in thousands)

	Capital Stock		Additional Paid-in Capital <i>(Note 24)</i>	Treasury Shares at Cost <i>(Note 24)</i>	Revaluation Reserves			Retained Earnings		Total Equity
	No. of shares <i>(in thousands)</i>	Amount <i>(Note 24)</i>			AFS Financial Assets	HTM Securities	Defined Benefit Liability	Appropriated	Unappropriated	
Balance at January 1, 2026	2,181,955	P2,181,955	P3,019,218	(P100,525)	P56,781	–	(P62,902)	P266,838	P2,371,724	P7,733,089
Net profit	–	–	–	–	–	–	–	–	397,259	397,259
Other comprehensive income (loss): Item that are and will be reclassified subsequently to profit or loss	–	–	–	–	(81,978)	–	–	–	–	(81,978)
Total comprehensive income (loss)	–	–	–	–	(81,978)	–	–	–	397,259	315,281
Declaration of cash dividends	–	–	–	–	–	–	–	–	(290,934)	(290,934)
Release of appropriated retained earnings	–	–	–	–	–	–	–	(266,838)	266,838	–
Balance at June 30, 2026	2,181,955	P2,181,955	P3,019,218	(P100,525)	(P25,197)	P–	(P62,902)	P–	P2,744,887	P7,757,436
Balance at January 1, 2025	2,181,955	P2,181,955	P3,019,218	(P100,525)	P28,074	(P13,285)	(P60,036)	P183,889	P1,625,183	P6,864,473
Net profit	–	–	–	–	–	–	–	–	352,664	352,664
Other comprehensive income: Item that are and will be reclassified subsequently to profit or loss	–	–	–	–	(5,023)	7,555	–	–	–	2,532
Total comprehensive income	–	–	–	–	(5,023)	7,555	–	–	352,664	355,196
Balance at June 30, 2025	2,181,955	P2,181,955	P3,019,218	(P100,525)	P23,051	(P5,730)	(P60,036)	P183,889	P1,977,847	P7,219,669

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2026 and 2025

(Amounts in thousands)

	<i>Notes</i>	June 30, 2026	June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P492,638	P428,110
Adjustments for:			
Movement in premium reserves – net	<i>14, 19</i>	214,070	447,807
Movement in claims and claims reserves - net	<i>12, 18</i>	754,348	699,287
Commissions – net	<i>13, 20</i>	134,352	(103,667)
Interest income	<i>21</i>	(298,063)	(259,551)
Dividend income	<i>21</i>	(15,359)	(14,849)
Impairment loss	<i>7, 21</i>	17,185	–
Fair value gains on HFT securities	<i>6, 21</i>	(48,490)	(27,599)
Gain on sale of AFS financial assets	<i>7, 21</i>	(1,560)	(28,567)
Unrealized losses (gains) from forward contract		8,203	(951)
Unrealized foreign currency (gains) losses		(42,273)	25,816
Movement in deposit liability	<i>17, 21</i>	(93)	347
Loss on sale of non-financial assets		25	–
Depreciation and amortization	<i>23</i>	5,714	5,284
Operating income before working capital changes		1,220,697	1,171,467
Decrease (increase) in:			
Reinsurance balances receivable – net		(199,186)	(398,324)
HFT securities		(149,790)	(325,924)
Loans and receivables		(7,615)	6,262
Reinsurance recoverable on reported claims and claims reserves – net		(52,890)	(44,396)
Other assets – net		(101,668)	(3,329)
Increase (decrease) in:			
Reinsurance balances payable		257,669	(186,459)
Accounts payable and accrued expenses		101,972	(9,009)
Claims and claims reserves		(1,007,629)	(148,710)
Cash generated from operations		61,560	61,578
Cash paid for income taxes		(238,568)	(135,645)
Net cash used in operating activities		(P177,008)	(P74,067)

Forward

	<i>Notes</i>	June 30, 2026	June 30, 2025
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal/maturities of:			
AFS financial assets	7	P1,048,011	P1,531,154
HTM securities	8	207,105	219,596
Other investments	9	110,310	—
Loans and receivables	10	1,202	1,276
Property and equipment	11	12	—
Interest received		304,050	261,916
Dividends received		15,356	15,015
Acquisitions of:			
AFS financial assets	7	(1,046,705)	(1,685,180)
HTM securities	8	(241,597)	(207,008)
Loans and receivables	10	(480)	(480)
Property and equipment	11	(6,762)	(727)
Other assets	15	(1,155)	(22,292)
Net cash provided by investing activities		389,347	113,270
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends		(290,934)	—
Net cash used in financing activities		(290,934)	—
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(78,595)	39,203
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS		(142)	2,464
CASH AND CASH EQUIVALENTS – January 1		486,711	449,739
CASH AND CASH EQUIVALENTS – June 30		P407,974	P491,406

See Notes to the Financial Statements

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the three months ended June 30, 2026 and 2025

(Amounts in thousands)

	<i>Notes</i>	June 30, 2026	June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P260,391	P168,683
Adjustments for:			
Movement in premium reserves – net	<i>14, 19</i>	269,845	433,858
Movement in claims and claims reserves - net	<i>12, 18</i>	71,106	382,670
Commissions – net	<i>13, 20</i>	6,915	(66,406)
Interest income	<i>21</i>	(149,595)	(131,299)
Dividend income	<i>21</i>	(5,309)	(6,810)
Fair value gains on HFT securities	<i>6, 21</i>	(84,280)	(23,089)
Gain on sale of AFS financial assets	<i>7, 21</i>	(4,283)	(28,027)
Unrealized gains from forward contract		(1,642)	(744)
Unrealized foreign currency (gains) losses		(31,834)	3,972
Movement in deposit liability	<i>17, 21</i>	(209)	92
Loss on sale of non-financial assets		25	–
Depreciation and amortization	<i>23</i>	3,063	2,640
Operating income before working capital changes		334,193	735,540
Decrease (increase) in:			
Reinsurance balances receivable – net		(335,583)	(740,436)
HFT securities		(148,886)	(284,979)
Loans and receivables		(4,354)	6,048
Reinsurance recoverable on reported claims and claims reserves – net		40,295	11,536
Other assets – net		(89,431)	(748)
Increase (decrease) in:			
Reinsurance balances payable		(47,473)	(114,167)
Accounts payable and accrued expenses		85,842	13,135
Claims and claims reserves		(76,707)	(26,956)
Cash generated used in operations		(242,104)	(401,027)
Cash paid for income taxes		(210,373)	(107,730)
Net cash used in operating activities		(P452,477)	(P508,757)

Forward

	<i>Notes</i>	June 30, 2026	June 30, 2025
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal/maturities of:			
AFS financial assets	7	P458,506	P1,213,362
HTM securities	8	182,104	65,000
Loans and receivables	10	613	647
Property and equipment	11	12	—
Interest received		159,367	124,065
Dividends received		7,578	8,585
Acquisitions of:			
AFS financial assets	7	(528,893)	(804,856)
HTM securities	8	(137,944)	(207,008)
Loans and receivables	10	—	(480)
Property and equipment	11	(4,623)	(593)
Other assets	15	(1,155)	(2,795)
Net cash provided by investing activities		135,565	395,927
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends		(290,934)	—
Net cash used in financing activities		(290,934)	—
NET DECREASE IN CASH AND CASH EQUIVALENTS		(607,846)	(112,830)
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS		(1,925)	3,077
CASH AND CASH EQUIVALENTS – April 1		1,017,745	601,159
CASH AND CASH EQUIVALENTS – June 30		P407,974	P491,406

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands)

1. CORPORATE INFORMATION

National Reinsurance Corporation of the Philippines (the Company) was incorporated on June 7, 1978 by virtue of Presidential Decree No. 1270 (the Decree), as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighboring insurance markets. Under the Decree, it became the vehicle for the Philippine insurance industry's participation in the Asian Reinsurance Corporation (ARC), a multi-government-initiated reinsurance entity, based in Bangkok, Thailand, which was established to foster regional cooperation among insurance companies doing business in Asia. The Company's shares are listed in the Philippine Stock Exchange (PSE).

The Company is licensed by the Insurance Commission (IC) to engage in business until December 31, 2027.

The Company's registered office and principal place of business is located at 31st floor BPI AIA Makati, 6811 Ayala Avenue, Makati City.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies that have been used in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements as at and for the year ended December 31, 2025, as summarized below and in the succeeding pages.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The accompanying interim condensed financial statements of the Company have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the condensed financial statements do not include all the information and disclosures required in the December 31, 2025 audited financial statements and should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2025.

(b) Basis of Measurement

The interim condensed financial statements have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRSs) for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income in two statements: a statement of income and a statement of comprehensive income. The Company presents the statement of financial position in order of liquidity.

(d) *Functional and Presentation Currency*

These interim condensed financial statements are presented in Philippine peso, the Company's functional and presentation currency, and amounts are presented in thousands except when otherwise indicated.

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

2.2 Adoption of New and Amended PFRSs and Framework

(a) *Effective in 2026 that are Relevant to the Company*

As at June 30, 2026, there are no new and amended PFRS Accounting Standards that are relevant to the Company.

(b) *Effective Subsequent to 2026 but not Adopted Early*

There are new and amended PFRS Accounting Standards effective for annual periods subsequent to 2026, which were adopted by the Financial and Sustainability Reporting Standards Council (FSRSC). Management is currently assessing the impact of these new and amended standards on the Company's financial statements.

- PFRS 9, *Financial Instruments* (2014) (adoption deferred to January 1, 2027). This new standard on financial instruments will replace PAS 39, *Financial Instruments* and PFRS 9 (2009, 2010 and 2013 versions).

PFRS 9 is effective for the annual periods beginning on or after January 1, 2018. However, the Company has met the relevant criteria and has applied the temporary exemption from PFRS 9 for annual reporting periods before January 1, 2027. Consequently, the Company will apply PFRS 9 for the first time on January 1, 2027.

The classification of financial assets under PFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. PFRS 9 includes three principal measurement categories for financial assets - measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) - and eliminates the previous PAS 39 categories of loans and receivables, AFS financial assets and HTM securities.

In accordance with the financial asset classification principle of PFRS 9, a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Further, a financial asset whose objective is to both collect contractual cash flows and sell the financial assets is classified and subsequently measured at FVOCI.

All other financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Moreover, PFRS 9 allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income. The election is made on an instrument-by-instrument basis.

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

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

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under PAS 39. This is expected to result in earlier recognition of credit losses for items measured at amortized cost.

The Company has completed its initial operational gap assessment, drafting the PFRS 9 accounting policies and enhancement of the affected systems. The Company plans to select the Retrospective approach without restatement and as of date, the actual impact of applying the PFRS 9 on the financial statements is not known and cannot be reasonably estimated until the transition stage is reached.

Based on the initial assessment made by the management, the table below presents the classification of the Company's financial assets as at June 30, 2026 under PAS 39 and how they will likely be classified under PFRS 9.

Management will continue to evaluate such classification based on the specific criteria and guidelines in classifying financial instruments under PFRS 9 taking into consideration the Company's business model in managing financial assets.

Financial instruments	Classification under PAS 39	Classification under PFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost
Held-for-trading securities	Held-for-trading securities	Financial assets at fair value through profit or loss
Available-for-sale financial assets	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income
Held-to-maturity	Held-to-maturity	Financial assets at amortized cost
Other investments	Loans and receivables	Financial assets at amortized cost
Forward liability	Held-for-trading securities	Financial liability at fair value through profit or loss
Accounts payable and accrued expenses	Other financial liabilities	Financial liabilities at amortized cost

The final quantification of the impact on the Company's equity and profit or loss—particularly the impact of the new ECL model—is still being evaluated.

The following table provides an overview of the fair values as at June 30, 2026 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

	<i>Notes</i>	Financial assets that meet the SPPI criteria*		All other financial assets	
		Fair Value	Fair value change during the reporting period	Fair Value	Fair value change during the reporting period
Cash and cash equivalents	4	P407,974	P–	P–	P–
AFS financial assets	7	–	–	5,573,318	(97,454)
HTM securities	8	4,140,993	(184,191)	–	–
Loans and receivables	10	138,183	–	–	–
Funds held by ceding companies	5	387,189	–	–	–
		P5,074,339	(P184,191)	P5,573,318	(P97,454)

* Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

The table below provides information regarding the credit risk exposure of the Company's financial assets as at June 30, 2026 by classifying assets according to the Company's credit grading of counterparties.

	<i>Notes</i>	Neither Past Due nor Impaired		Past Due but not Impaired	Impaired	Total
		Investment High Grade	Non-investment Grade			
Cash and cash equivalents	4	P407,974	P–	P–	P–	P407,974
Reinsurance balances receivable	5	1,989,598	3,290,542	852,004	486,920	6,619,064
AFS financial assets – debt securities	7	5,405,257	–	–	–	5,405,257
HTM securities	8	4,325,184	–	–	–	4,325,184
Loans and receivables	10	123,705	14,478	–	–	138,183
Reinsurance recoverable on reported claims	12	1,423,161	179,886	–	149,198	1,752,245
		P13,674,879	P3,484,906	P852,004	P636,118	P18,647,907

The Company uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below.

Investment High 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 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. 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.

Past Due but not Impaired – Rating given to borrowers and counterparties where outstanding obligation is already past due without impairment indicator.

Impaired – This pertains to accounts with impairment indicator and uncertain collectability. Allowance for impairment losses were recognized by the Company for these accounts.

- PFRS 17 *Insurance Contracts* (adoption deferred to January 1, 2027). The new standard will eventually replace PFRS 4, that will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

PFRS 17 introduces a new approach that:

- a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
- b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

Under PFRS 17, groups of insurance contracts are measured based on fulfilment cash flows, which represent the risk-adjusted present value of the entity's rights and obligations to the policy holders, and a contractual service margin, which represents the unearned profit the entity will recognize as it provides services over the coverage period. Subsequent to initial recognition, the liability of a group of insurance contracts represents the liability for remaining coverage and the liability for incurred claims, with the fulfilment cash flows remeasured at each reporting date to reflect current estimates. Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', and reinsurance contracts held.

PFRS 17 brings greater comparability and transparency about the profitability of new and in-force business and gives users of financial statements more insight into an insurer's or reinsurer's financial health. Separate presentation of underwriting and financial results will give added transparency about the sources of profits and quality of earnings.

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter (CL) 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 IASB. On March 10, 2025, IC issued CL No. 2025-04 which set a new effectivity date of the standard to January 1, 2027. Early application is permitted.

Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

The Company has completed its initial operational gap assessment and drafting of the PFRS 17 accounting policies. The Company plans to finalize these policies once it is able to fully determine the impact on the underlying reinsurance contracts. Further, the Company has acquired the necessary systems required to comply with the reporting requirements of PFRS 17 while the affected employees have already started the required trainings to use the system. The Company is currently enhancing its data collection processes to meet the granular reporting requirements of PFRS 17.

The Company conducted a contract review to determine the application of PFRS 17 to its reinsurance and retrocession contracts. Based on the preliminary assessment, all existing products and contracts previously in scope of PFRS 4 will transition to PFRS 17.

The Company has applied the Fair Value Approach as the Full Retrospective Approach was determined to be impracticable. This is due to the unavailability of historical data resulting from legacy system limitations and the absence of certain information required to determine the Contractual Service Margin (CSM) at the date of initial recognition without the use of hindsight.

The Company continues to assess the implications of PFRS 17 and expects that it will significantly impact the Company's operational and financial reporting process. The quantitative impact on the Company's financial position, including the potential effect on total net worth and the timing of profit recognition, is still being evaluated.

- PFRS 18, *Presentation and Disclosure in Financial Statements* replaces PAS 1, which sets out presentation and base disclosure requirements for financial statements. The changes, which mostly affect the income statement, include the requirement to classify income and expenses into three new categories – operating, investing and financing – and present subtotals for operating profit or loss and profit or loss before financing and income taxes.

Further, operating expenses are presented directly on the face of the income statement – classified either by nature, by function or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

PFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements, introduces new disclosure requirements for management-defined performance measures (MPMs) and eliminates classification options for interest and dividends in the statement of cash flows.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. Management is still assessing the impact of this new standard on the Company's financial statements.

- Annual Improvements to PFRS Accounting Standards – Volume 11
 - Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosures)

The amendments replace the reference to “*inputs that were not based on observable market data*” in the obsolete paragraph 27A with “*unobservable inputs*” as defined in paragraphs 72–73 of PFRS 13, *Fair Value Measurement*. This amendment aligns the disclosure requirements with the fair value hierarchy under PFRS 13, particularly with respect to Level 3 inputs. The amendment does not affect the Company’s recognition or measurement of financial instruments but enhances the clarity and consistency of disclosures. The Company intends to adopt these pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company’s financial statements.
 - Introduction, Disclosure of Deferred Difference Between Fair Value and Transaction Price and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosures)

The amendments provide clarifications intended to enhance consistency and transparency in financial reporting. These updates cover three areas: the introduction, the disclosure of deferred differences between fair value and transaction price, and credit risk disclosures. In particular, the guidance clarifies that the illustrative examples do not necessarily reflect all the requirements in the referenced paragraphs of PFRS 7 and do not create additional requirements. In addition, the amendment requires disclosure of any deferred differences between the fair value of a financial instrument at initial recognition and the transaction price, including how such differences are subsequently recognized in profit or loss, in alignment with PFRS 7 paragraph 28 and the concepts in PFRS 9, *Financial Instruments* and PFRS 13, *Fair Value Measurement*. Further, the amendment simplifies credit risk disclosures by clarifying that the illustrative example does not cover financial assets that are purchased or originated credit-impaired, ensuring focus on assets subject to the general expected credit loss model. The Company will adopt these requirements upon their effective date, and management is currently assessing the potential impact on future financial statement disclosures.
- Disclosures about Uncertainties in the Financial Statements (Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37)

- The IASB has issued amendments to the illustrative examples accompanying IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36, and IAS 37 to enhance transparency in financial reporting, particularly in relation to uncertainties, significant judgments, and climate-related assumptions. While these amendments do not affect recognition or measurement requirements, they provide improved guidance on disclosures concerning estimation uncertainties, impairment testing, provisions, and credit risk exposures. As these amendments have not yet been locally adopted, the Company is in the process of assessing their potential impact on its financial statement disclosures pending local regulatory updates.

2.3 Reinsurance Contracts

Product Classification

Reinsurance contracts are those contracts under which the Company (the reinsurer) has accepted significant insurance risk from insurance and reinsurance companies (the cedants) by agreeing to compensate the cedants if a specified uncertain future event (the insured event) adversely affects the cedants. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid when an insured event occurs with benefits payable if the insured event did not occur.

Reinsurance contracts can also transfer financial risks. Contracts that transfer financial risks which create financial assets or financial liabilities, but do not expose the Company to significant insurance risk, are within the scope of PAS 39 and are recognized as Deposit liability under Accounts payable and accrued expenses.

Once a contract has been classified as reinsurance contract, it remains a reinsurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

Retrocession Contracts Held

Contracts entered into by the Company with retrocessionaires under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for reinsurance contracts above are classified as retroceded contracts held. Contracts that do not meet those classification requirements are classified as financial assets.

Reinsurance recoverable on paid claims are included as part of Reinsurance balances receivable - net. These balances represent the retrocessionaires' share in the amounts paid to the cedants and are in accordance with the retroceded contract. Reinsurance recoverable on unpaid claims represents balances due from retrocessionaires for its share on the unpaid claims and Reinsurance recoverable on claims reserves represent the retrocessionaires' share for its losses in the claims reserves are both presented under Reinsurance recoverable on reported claims and claims reserves – net in the statements of financial position. The recoverable amounts are estimated in a manner consistent with the claims and claims reserves and are in accordance with the retroceded contract.

Reinsurance balances receivable – net and Reinsurance recoverable on reported claims and claims reserves – net are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the cedants and retrocessionaires can be measured reliably.

The impairment loss is recognized as part of General and administrative expenses in the statements of income.

Retroceded insurance risk does not relieve the Company from its obligations to ceding companies.

Reinsurance balances payable primarily represent premiums due to retrocessionaires. Amounts payable are estimated in a manner consistent with the associated retrocession contract.

Assets and liabilities arising from reinsurance activities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Receivables and Payables Related to Reinsurance Contracts and Retrocession Contracts Held

Financial assets and financial liabilities arising from reinsurance and retrocession contracts held are offset and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right to offset must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to an agreement and agrees to sell goods or services for a fixed amount of money. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase the asset.

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, HTM securities and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Financial assets are recognized initially at fair value of the consideration given. Except for financial assets at FVTPL, the initial measurement of financial assets includes transaction costs.

(i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Company provides money or services directly to a debtor with no intention of trading the receivables.

The Company's financial assets categorized as loans and receivables are presented as cash and cash equivalents, reinsurance balances receivable – net, loans and receivables, reinsurance recoverable on reported claims and claims reserves – net, and other investments.

Loans and receivables are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included as part of Interest income presented under Investment and other income and expenses – net account in the statements of income.

(ii) *Financial assets at FVTPL*

This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial assets at FVTPL are recorded in the statements of financial position at fair value, with changes recorded in the Investment and other income and expenses - net account in the statements of income.

HFT securities are not reclassified subsequent to their initial recognition, unless they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition), then it may be reclassified if the Company has the intention and the ability to hold the financial asset in the foreseeable future or until maturity; and
- the financial asset may be reclassified out of the held-for-trading securities category only under “rare circumstances”.

As at June 30, 2026 and December 31, 2025, the Company does not have any financial asset designated by management as financial instruments at FVTPL. The Company's HFT securities consist of Unit Investment Trust Fund (UITF), forward assets, and equity securities listed in the PSE.

(iii) *AFS Financial Assets*

This category includes non-derivative financial assets that are designated as AFS financial assets or are not classified as loans and receivables, HTM securities or financial assets at FVTPL. The Company's AFS financial assets include listed and unlisted equity securities and government and corporate bonds.

All financial assets within this category are subsequently measured at fair value, except for certain equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost less any impairment loss. Fair value gains and losses are recognized in other comprehensive income and are reported as part of the Revaluation reserves account in the equity except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statements of income.

(iv) *HTM securities*

This category includes non-derivative financial assets with fixed or determinable payments and fixed maturity, and that the Company has the intention and ability to hold to maturity other than: (a) those that Company designates as financial assets at FVTPL upon initial recognition; (b) those that the Company designates as AFS; and (c) those that meet the definition of loans and receivables. This category includes corporate bonds and government securities.

HTM securities are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Interest income is recognized under Investment and other income and expenses – net account in the statements of income.

(b) *Impairment of Financial Assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes impairment loss based on the category of financial assets as follows:

(i) *Carried at Amortized Cost – Loans and Receivables and HTM Securities*

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

Evidence of impairment is the age of the receivable and/or any financial difficulties of the counterparty. Allowances are set up on the net balance, meaning all balances related to the same counterparty are considered. The amount of the allowance is set up in relation to the time a receivable has been due and any financial difficulties of the counterparty and can be as high as the outstanding net balance.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statements of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed.

The amount of the reversal is recognized in the statements of income.

Reclassification of AFS Financial Assets to HTM Securities

For a financial asset reclassified from AFS financial assets category to HTM securities, the Company shall reclassify the financial asset at its fair value on the date of reclassification which becomes its new amortized cost. Any previous gain or loss on that asset that has been recognized in other comprehensive income and any difference between the new amortized cost and maturity amount is amortized in profit or loss over the remaining life of the investments using the effective interest method similar to the amortization of a premium and a discount. This is presented as Revaluation reserves – HTM securities in the statements of changes in equity. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

(ii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in statements of income – is reclassified from Revaluation reserves to statements of income as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in statements of income on equity instruments are not reversed through profit or loss. Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss is recognized.

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

All income and expenses, except for recognition and reversal of impairment loss on reinsurance balances receivable and reinsurance recoverable on reported claims, relating to financial assets that are recognized in the statements of income are presented as part of Investment and other income and expenses – net account.

If the provision is higher than the reversal of impairment losses on reinsurance balances receivable and reinsurance recoverable on reported claims, this is presented at net as part of Impairment losses under General and administrative expenses account in the statements of income. If the reversal of impairment losses is higher than the provision for reinsurance balances receivable and reinsurance recoverable on reported claims, this is presented at net as part of Other income under Investment and other income and expenses – net account.

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

(d) *Derecognition of Financial Assets*

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

(e) *Fair Value Measurement of Financial Assets*

‘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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset measured at fair value has a bid price, then the Company measures assets and long positions at a bid price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.5 Deferred Acquisition Costs (DAC)

The Company incurs costs in connection with acquiring new and renewal reinsurance business. Some of these costs, which consist primarily of commissions, are deferred as these are directly related to the successful acquisition of such business and amortized based on the type of contract. This is accounted as DAC under the Asset section in the statements of financial position. DAC are assessed for recoverability in the year of policy issue to ensure that these costs are recoverable out of the estimated future margins to be earned on the policy. DAC are assessed for recoverability at least annually thereafter.

DAC is recognized as an expense over the coverage period of the policy using the 24th method [see Note 2.14(b)] except for DAC from modified co-insurance arrangements. For modified co-insurance arrangements, DAC is amortized over the expected life of the contracts in which the related premiums are earned. The net change in the account between each end of reporting periods are recognized as part of Commission expense under Commissions – net account in the statements of income.

2.6 Deferred Reinsurance Premiums (DRP)

The ceded reinsurance premiums that pertain to the unexpired period of the contracts at the end of the reporting period are accounted for as DRP and presented in the Assets section of the statements of financial position. Subsequent to initial recognition, the amount is amortized using the 24th method [see Note 2.13(a)]. The net change in the account between each end of reporting periods are recognized in the statements of income under Movement in premium reserves – net.

2.7 Reinsurance Recoverable on Reported Claims and Claims Reserves

Reinsurance recoverable on reported claims and claims reserves represent the amount recoverable from retrocessionaires under retroceded contracts as their share on unpaid claims and unreported claims and loss adjustment expenses, net of salvage of recoveries.

2.8 Other Assets

Other assets pertain to other present economic resources controlled by the Company as a result of past events. An economic resource is a right that has the potential to produce economic benefits and the asset has a cost or value that can be measured reliably.

This include intangible assets which are composed of acquired software licenses which are accounted for under the cost model. Capitalized costs are amortized on a straight-line basis over five years as the lives of these intangible assets are considered finite. The Company estimates the useful lives of intangible assets based on the period over which assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to technical or commercial obsolescence and legal or other limits on the use of the assets.

2.9 Financial Liabilities

The Company classifies its financial liabilities at initial recognition into the following categories: financial liabilities at FVTPL and other liabilities. The Company determines the classification of its financial liabilities at initial recognition, and were allowed and appropriate, re-evaluates such designation at every reporting date.

Other financial liabilities pertain to financial liabilities that are not designated or classified at FVTPL. Other financial liabilities are initially measured at their fair value and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statements of income.

The Company's other financial liabilities include Reinsurance balances payable, Claims and claims reserves [excluding Margin for Adverse Deviation (MfAD) and loss adjustment expenses] and Accounts payable and accrued expenses (excluding income tax payable, defined benefit liability and other taxes payable), are recognized when the Company becomes a party to an agreement and agrees to purchase goods or services for a fixed amount of money. All interest-related charges are recognized as part of Investment and other income and expenses – net account in the statements of income.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. 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 the statements of income.

Derivative financial instruments are classified under financial assets and financial liabilities at FVTPL when there is an agreement to settle both assets and liabilities independently. Derivative financial instruments are classified under financial assets or financial liabilities when there is an agreement to settle at net. Derivatives are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly to the statements of income and are included in Investment and other income and expenses – net account (see Note 21).

The Company's outstanding derivative asset and liability arising from forward contracts are presented under HFT securities and Forward liability accounts, respectively, in the statement of financial position (see Note 6).

2.10 Claims and Claims Reserves

Claims represent the present value of the estimated cost of all reported claims at the end of the reporting period, together with related claims handling costs and reduced for the expected value of salvage and other recoveries. This includes outstanding claims reserves, loss adjustment expenses payable plus MfAD based on a certain percentage of the total outstanding claims reserves and loss adjustment expenses payable to allow for inherent uncertainty of the best estimate of the policy reserves.

Claims reserves represent the estimated ultimate cost of all incurred but not reported claims (IBNR), including incurred but not enough reported claims plus MfAD at the end of the reporting period. Claims reserves are measured on a discounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amount recognized, which are reflected in claims payable in the statement of financial position in the period in which they are determined.

2.11 Premium Reserves

Premium reserves refer to unearned premium reserves (UPR) plus any deficiency resulting from the liability adequacy test.

UPR refers to the portion of the premiums attributable to the unexpired risks at the balance sheet date and is recognized as revenue over the coverage period of the contracts using the 24th method [see Note 2.13(a)].

Liability Adequacy Test

Liability adequacy tests are performed at end of each reporting period, to ensure the adequacy of premium reserves. The test is performed by comparing the UPR, net of related DAC, and the present value of the current best estimates of future cash flows including claims handling and policy administration expenses. Any deficiency is charged to the statements of income and is recognized as premium reserves.

2.12 Deferred Reinsurance Commissions (DRC)

Commissions earned from retrocession contracts are recognized as revenue over the coverage period of the contracts using the 24th method [see Note 2.13(c)]. The portion of the commissions that relates to the unexpired periods of the contracts at end of the reporting period is accounted for as Deferred reinsurance commissions and is presented in the Liabilities section of the statements of financial position. The net change in the account between each end of reporting periods are recognized as Commission income under Commissions – net in the statements of income.

2.13 Revenue and Income Recognition

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

The Company's significant revenues pertain to net reinsurance premiums and investment income which are accounted for by the Company in accordance with PFRS 4 and PAS 39, respectively. The Company also earns other income from sale of non-financial assets, which is recognized as income once the Company transferred the goods. These are accounted for by the Company in accordance with relevant accounting standards.

The following provides information about the specific recognition criteria of revenues recognized in accordance with PFRS 4 and PAS 39:

Net underwriting income includes reinsurance premiums, retroceded premiums and commissions describe as follows:

- (a) *Reinsurance premiums* – Reinsurance premiums are recognized as revenue when the Company enters into a contract with cedants assuming insurance risks in exchange for reinsurance premium. Reinsurance premiums include premiums reported by cedants and accrued premiums. The Company records accrued premiums on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

Reinsurance premiums are recognized over the coverage period of the contracts using the 24th method. The 24th method assumes that the average date of issue of all contracts written during any one month is the middle of that month. Accordingly, 1/24th of the net premiums are considered earned in the month the reinsurance contracts are issued and 2/24th for every month thereafter (or 1/24th for every 15-day period after the issue month). While for specific agriculture treaty contracts where the underlying risk relates to the crops cultivated within India, the Company recognize the earned premium during the harvest period. The portion of the gross reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Premium reserves (see Note 2.11) and is presented in the Liabilities section of the statements of financial position while the portion of the retroceded reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Deferred reinsurance premiums (see Note 2.6) and is presented in the Assets section of the statements of financial position.

Uncollected premiums net of deferred creditable withholding taxes (CWT) and accrued premiums are recognized as due from ceding companies as part of Reinsurance balances receivable – net in the statements of financial position.

The net changes in the Premium reserves and Deferred reinsurance premiums accounts between the end of the reporting periods are recognized in the statements of income as part of Movement in premium reserves – net.

- (b) *Retroceded premiums* – Retroceded premiums are recognized as an expense when the Company enters into a contract with a retrocessionaire transferring insurance risks to the retrocessionaire in exchange for retroceded premiums. Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records accrued retroceded premiums based on individual retrocession treaties taking into consideration the terms of the treaty, historical experience and latest information relevant to the treaty.

- (c) *Commission on retrocession* – Commission is deferred and is subjected to the same amortization as the retroceded reinsurance premiums (see Note 2.12). Deferred portion is presented in the statements of financial position as Deferred reinsurance commissions.
- (d) *Other underwriting income (expense)* – pertains to the net benefits received or costs incurred from a certain group life treaty participating in a pool arrangement.

Investment and other income and expenses includes interest income, dividend income, gain/loss on sale of non-financial assets and foreign currency gain/loss describe as follows:

- (a) *Interest income* – Interest income for all interest-bearing financial instruments are recognized using the effective interest rate method.
- (b) *Dividend income* – Revenue is recognized when the Company's right to receive the dividend is established.
- (c) *Gain/loss on sale of non-financial assets* – Revenue or expenses is recognized when the risks and rewards of ownership of the investments have passed to the buyer or at a point in time when the control of the non-financial assets transfers to the customer.

Determining whether the Company is Acting as Principal or an Agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue arrangements.

2.14 Expense Recognition

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

- (a) *Claims and claims reserves*

Claims relating to insurance contracts are recognized when insured events occur. These arise from events that have occurred up to reporting date even if these have not yet been reported to the Company. The claims (including those for IBNR) are based on the estimated ultimate cost of settling the claims and are discounted for time value of money. The method of determining such estimates and establishing reserves are continually reviewed and updated.

Claims recoveries are evaluated in terms of the aggregate share of the retrocessionaire on the claims and adjustment expenses of the Company on business retroceded under retrocession arrangements. Recoveries on paid, unpaid claims and claims reserves are recognized in the period the related claims are incurred.

(b) Acquisition Costs

Costs that vary with and are primarily related to the acquisition of new and renewal reinsurance contracts, other than those related to modified co-insurance, such as commissions and certain underwriting costs, are recognized as expense over the period of the contracts using the 24th method. Unamortized acquisition costs are presented in the statements of financial position as Deferred acquisition costs (see Note 2.5).

(c) General and Administrative Expenses

Costs and expenses are recognized in the statements of income upon utilization of goods or services at the date they are incurred. General and administrative expenses include salaries and employee benefits, taxes related expenses, professional fees and other operational expenses.

2.15 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income as part of Investment and other income and expenses – net (see Note 21).

2.16 Income Taxes

Tax expense recognized in the statements of income comprises the sum of final tax, current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

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

Deferred tax is accounted for using the asset-liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the asset-liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

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

The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in the statements of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.17 Related Party Transactions and Relationships

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

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly-listed Companies*, transactions amounting to ten percent (10%) or more of the total assets based on the latest audited financial statements that were entered into by the Company with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

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

2.18 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise gains and losses due to the revaluation of AFS financial assets, unamortized fair value gains and losses from HTM securities, and remeasurements of defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the statements of income, reduced by the amounts of dividends declared. The appropriated portion of the retained earnings is intended as additional reserve for contingencies (see Note 24.2).

2.19 Earnings Per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of shares issued, adjusted for stock dividends and stock split, less shares held in treasury during the period.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.20 Segment Reporting

For purposes of segment reporting, the Company does not have other reportable segments. The Company has one reportable business segment which is the reinsurance market. The financial information about the sole business segment is presented in the financial statements.

The management monitors the operating results of its business segment for the purpose of making decisions about resource allocation and performance assessment. The segment performance is evaluated based on operating profit or loss and is measured consistently with the income before income tax in the financial statements.

2.21 Events After the End of the Reporting Period

Any event subsequent to the balance sheet date that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Events subsequent to the balance sheet date that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the judgments as presented below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Impairment of Financial Assets

(i) Financial Assets at Fair Value – AFS Financial Assets

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

Based on the recent evaluation of information and circumstance affecting the Company's AFS financial assets, management concluded that the decline in fair value of certain AFS financial assets amounting to P17.19 million and P4.75 million are considered impairment in value as at June 30, 2026 and December 31, 2025 (see Note 7). Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(ii) Financial Assets at Amortized Cost

The Company reviews its financial assets at amortized cost to assess impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. These financial assets that are individually significant are assessed to determine whether objective evidence of impairment exists on an individual basis, while those that are not individually significant are assessed for objective evidence of impairment either on an individual or on collective basis.

In determining whether an impairment loss should be recorded in the statements of income, the Company makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets before the decrease can be identified with an individual financial asset in that portfolio.

As at June 30, 2026 and December 31, 2025, the Company has recognized allowance for impairment loss amounting to P636.12 million and P634.13 million, respectively (see Notes 5 and 12).

(b) *Classification of Financial Instruments*

The Company exercises judgment in classifying a financial instrument, or its component parts, on initial recognition as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position. In addition, the Company classifies assets by evaluating among others, whether the asset is quoted or not in an active market.

Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at June 30, 2026 and December 31, 2025, the Company classified its financial instruments as financial assets at FVTPL, AFS financial assets, HTM securities, loans and receivables, financial liabilities at FVTPL and other financial liabilities.

(c) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Relevant disclosures are presented in Note 28.

3.2 Key Sources of Estimation Uncertainty

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

(a) *Impairment of Financial Assets Carried at Amortized Cost*

Management uses estimates based on historical loss experience for assets with credit risk characteristics. An adequate amount of allowance for impairment is made for specific and groups of accounts, where objective evidence of impairment exists.

The Company evaluates the amount of allowance for impairment based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the counterparties, the counterparties' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying values of HTM securities and loans and receivables are shown in Notes 8 and 10, respectively.

(b) *Fair Value Measurement of AFS financial assets*

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The carrying value of the Company's AFS financial assets and the amounts of fair value changes recognized are disclosed in Note 7.

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

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Any deferred tax asset will be remeasured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization.

As at June 30, 2026 and December 31, 2025 the Company recognized net deferred tax assets amounting to P643.11 million and P677.21 million, respectively, as management has assessed that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized. However, unrecognized deferred tax assets amounted to P756.24 million and P561.20 million as at June 30, 2026 and December 31, 2025, respectively.

(d) *Valuation of Reinsurance Premiums*

Reinsurance premiums include premiums reported by cedants and accrued reinsurance premiums. The Company records accrued premiums based on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

The Company's accrued reinsurance premiums were recognized as part of Reinsurance premiums – net of returns in the statements of income.

(e) *Valuation of Retroceded Premiums*

Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records retroceded premiums based on individual retroceded treaties taking into consideration the terms of the retroceded treaty, historical experience and latest information relevant to the treaty.

The Company's accrued retroceded premiums were recognized as part of Retroceded premiums in the statements of income.

(f) *Valuation of Reinsurance Contract Liabilities*

The Company's Reinsurance contract liabilities are composed of premium liabilities and claim liabilities. Premium liabilities are the premium reserves while claim liabilities are equal to the present value of Claims and claims reserves accounts in the statements of financial position which include outstanding claims, IBNR claims, loss adjustment expenses payable plus the MfAD. Claim liabilities are discounted for the time value of money.

The Company estimates the present value of future cash flows, used in performing the liability adequacy test and in determining claims liabilities, through the use of historical claim experience and claim settlement patterns.

The principal assumption underlying the claim liability estimates is that the Company's future claims development will depend on the estimate of the ultimate loss during a period of time for a particular risk exposure and then estimate the percentage of this ultimate loss that was not reported as of the reporting date.

The Company's claim liability estimates, as ascertained by an independent actuary, are determined by calculating the estimated ultimate losses as the sum of reported claims plus IBNR claims. Ultimate losses were estimated using generally accepted actuarial methods such as the Chain Ladder Method, Bornhuetter-Ferguson Method and the Expected Loss Ratio Method. The Company also included MfAD as a percentage of the total outstanding losses, IBNR best estimate and loss adjustment expenses payable, to allow for inherent uncertainty of the best estimate of the policy reserves.

Additional qualitative judgments are used by the independent actuary to assess the extent to which the full tail of the claim development is influenced by the different factors, for example, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix and policy conditions. Judgment is further used to assess the extent to which external factors such as juridical decisions and government legislation affect the estimates.

As at June 30, 2026 and December 31, 2025, the carrying value of provision for claims reported and IBNR claims are recognized as Claims and claims reserves accounts in the statements of financial position (see Note 18).

The following tables show the estimates of cumulative incurred claims, gross of retrocession, for each underwriting year at each reporting date, together with cumulative claims paid at June 30, 2026 and December 31, 2025.

[illegible]

[illegible]

The following tables show the estimates of cumulative incurred claims, net of retrocession, for each underwriting year at each reporting date, together with cumulative claims paid as at June 30, 2026 and December 31, 2025.

[illegible]

December 31, 2025

[illegible]

4. CASH AND CASH EQUIVALENTS

This account consists of:

	June 30, 2026	December 31, 2025
Cash on hand and in banks	P65,078	P122,390
Short-term placements	342,896	364,321
	P407,974	P486,711

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term placements include time deposits and special deposit accounts made for varying periods of up to three months depending on the liquidity requirements of the Company.

Interest income recognized from cash in banks and short-term placements amounting to P10.36 million and P8.64 million for the six months ended June 30, 2026 and 2025, respectively, is presented as part of the Investment and other income and expenses – net account in the statements of income (see Note 21).

Peso short-term placements earn annual interest ranging from 2.75% to 4.75% in 2026 and 3.20% to 5.75% in 2025, while U.S. dollar short-term placements earn annual interest ranging from 2.61% to 4.30% in 2026 and 3.03% to 4.83% in 2025 and the Euro short-term placements earn annual interest ranging from 1.00% to 2.50% in 2026 0.90% to 2.50% in 2025.

The Cash and cash equivalents account includes cash and short-term placements denominated in U.S. dollar amounting to \$1.63 million (P100.13 million) and \$1.55 million (P91.18 million) as at June 30, 2026 and December 31, 2025, respectively and cash and short-term placements denominated in Euro amounting to €1.58 million (P100.28 million) and €1.30 million (P89.71 million) as at June 30, 2026 and December 31, 2025, respectively.

5. REINSURANCE BALANCES RECEIVABLE – NET

The details of this account are as follows:

	June 30, 2026	December 31, 2025
Due from ceding companies	P5,774,564	P5,676,122
Reinsurance recoverable on paid claims	423,300	384,128
Funds held by ceding companies	387,189	229,744
Due from reinsurers	34,011	89,291
	6,619,064	6,379,285
Allowance for impairment	(486,920)	(484,931)
	P6,132,144	P5,894,354

The movements in these accounts are as follows:

	<i>Notes</i>	June 30, 2026				Total
		Due from ceding companies	Reinsurance recoverable on paid claims	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of period		P5,676,122	P384,128	P229,744	P89,291	P6,379,285
Claims recoveries during the period	12, 22.1	—	161,999	—	—	161,999
Premiums written net of funds held during the period		2,489,212	—	—	—	2,489,212
Funds held during the period		—	—	387,745	—	387,745
Reclassification		419,276	882	(229,906)	(55,280)	134,972
Collections during the period		(2,848,536)	(126,205)	—	—	(2,974,741)
Foreign exchange revaluation		38,490	2,496	(394)	—	40,592
		5,774,564	423,300	387,189	34,011	6,619,064
Allowance for impairment		(148,647)	(337,188)	(25)	(1,060)	(486,920)
Balance at end of period		P5,625,917	P86,112	P387,164	P32,951	P6,132,144

	<i>Notes</i>	December 31, 2025				Total
		Due from ceding companies	Reinsurance recoverable on paid claims	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of year		P4,924,204	P492,362	P266,217	P19,590	P5,702,373
Claims recoveries during the year	12	—	602,819	—	—	602,819
Premiums written net of funds held during the year		5,402,264	—	—	—	5,402,264
Funds held during the year		—	—	325,147	—	325,147
Reclassification		305,466	(5,412)	(371,775)	69,701	(2,020)
Collections during the year		(4,897,077)	(705,809)	—	—	(5,602,886)
Foreign exchange revaluation		(58,735)	168	10,155	—	(48,412)
		5,676,122	384,128	229,744	89,291	6,379,285
Allowance for impairment		(148,647)	(335,199)	(25)	(1,060)	(484,931)
Balance at end of year		P5,527,475	P48,929	P229,719	P88,231	P5,894,354

The Company's collections of these reinsurance receivable include collections equivalent to underwriting costs and claims deducted by cedants from their statements of accounts.

Reinsurance balances receivables are reviewed for any indicators of impairment as of reporting date and allowance for impairment is recognized when necessary.

A reconciliation of the allowance for impairment at the beginning and end of June 30, 2026 and December 31, 2025 is as follows.

	June 30, 2026				Total
	Due from ceding companies	Reinsurance recoverable on paid claims	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of period	P148,647	P335,199	P25	P1,060	P484,931
Revaluation	—	1,989	—	—	1,989
Balance at end of period	P148,647	P337,188	P25	P1,060	P486,920

	December 31, 2025				
	Due from ceding companies	Reinsurance recoverable on paid claims	Funds held by ceding companies	Due from reinsurers	Total
Balance at beginning of year	P148,245	P349,878	P25	P1,060	P499,208
Additions/(Reversals)	410	(14,245)	—	—	(13,835)
Revaluation	(8)	(434)	—	—	(442)
Balance at end of year	P148,647	P335,199	P25	P1,060	P484,931

The fair value of these short-term financial assets is not individually determined as the carrying amount is considered reasonable approximation of their fair value.

6. HELD-FOR-TRADING SECURITIES

This account is composed of the following:

	June 30, 2026	December 31, 2025
UITF	P733,797	P537,195
Equity securities	327,870	316,419
Forward asset	13	1,111
	P1,061,680	P854,725

UITF is a collective investment scheme, wherein funds of investors are pooled together. Subscription and/or redemption to these UITFs are reflected through units of participation. This is managed by a professional fund manager and is invested in various underlying instruments, such as time deposits and government securities.

Equity securities consist mainly of investment in companies listed in the PSE.

Forward asset pertains to the balances receivable from forward contract entered into by the Company. Outstanding forward contracts as at June 30, 2026 and December 31, 2025 are as follows:

June 30, 2026

<i>in thousands</i>			
Transaction date	Settlement date	Receivable	Payable
April 23, 2026	July 10, 2026	CNY 3,500	\$514

December 31, 2025

<i>in thousands</i>			
Transaction date	Settlement date	Receivable	Payable
October 7, 2025	January 21, 2026	INR 150,000	\$1,682
October 7, 2025	January 21, 2026	INR 150,000	\$1,681
October 9, 2025	January 27, 2026	CNY 4,500	\$637
October 9, 2025	January 27, 2026	CNY 4,000	\$566
October 13, 2025	January 27, 2026	CNY 4,000	\$566
October 17, 2025	January 27, 2026	PHP 29,135	\$500
December 4, 2025	January 27, 2026	PHP 17,753	\$300
December 17, 2025	February 5, 2026	PHP 117,280	\$2,000
December 23, 2025	February 5, 2026	PHP 58,783	\$1,000
December 26, 2025	February 5, 2026	PHP 29,450	\$500
December 29, 2025	February 5, 2026	PHP 29,425	\$500

As at June 30, 2026 and December 31, 2025, the Company recognized the following forward asset and liability from the forward contracts discussed above:

	June 30, 2026	December 31, 2025
Forward asset	P13	P1,111
Forward liability	8,866	1,761

The net fair value losses amounted to P15.82 million and P0.09 million for the six months ended June 30, 2026 and 2025 on forward contracts, respectively, is recognized under Investment and other income and expenses – net in statements of income (see Note 21).

The details of the HFT securities are as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P854,725	P447,958
Acquisitions	1,148,228	2,744,100
Disposals	(998,438)	(2,414,719)
Changes in fair value	47,392	66,726
Unrealized foreign currency gains	9,773	10,660
Balance at end of period	P 1,061,680	P854,725

Dividend income earned from equities classified as HFT securities amounted to P9.48 million and P5.30 million for the six months ended June 30, 2026 and 2025, respectively (see Note 21).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account is composed of the following:

	June 30, 2026	December 31, 2025
Debt securities	P5,405,257	P5,442,333
Equity securities - net	123,107	174,825
Investment in ARC shares	44,954	43,071
	P5,573,318	P5,660,229

Debt securities include investments in corporate bonds and government securities.

Debt securities earn interest at annual rates ranging from 1.38% to 8.63% in 2026 and 1.38% to 8.63% in 2025. Interest income amounting to P159.02 million and P142.65 million for the six months ended June 30, 2026 and 2025, respectively, is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

The following presents the fair value of debt securities by contractual maturity dates:

	June 30, 2026	December 31, 2025
Due within one year	P474,316	P330,227
Due after one year through five years	4,451,853	4,418,785
Due after five years through ten years	479,088	677,048
Due after ten years	–	16,273
	P5,405,257	P5,442,333

The balance of equity securities classified as AFS financial assets consists of:

	June 30, 2026	December 31, 2025
Cost:		
Quoted in the stock exchange	P436,227	P162,920
Not quoted in the stock exchange	10,834	10,835
	447,061	173,755
Unrealized foreign currency gains	5	2,106
Fair value (losses) gains:		
Quoted in the stock exchange	(325,767)	(1,842)
Not quoted in the stock exchange	1,808	806
	(323,959)	(1,036)
	P123,107	P174,825

Equity securities consist mainly of investment in companies listed in the PSE.

Dividend income from these equity securities amounting to P5.88 million and P9.55 million for the six months ended June 30, 2026 and 2025, respectively, is presented under the Investment and other income and expenses – net account in the statements of income (see Note 21).

The shares of ARC have been issued in the name of the Government of the Philippines (GoP) as the Philippine government's participation in the joint undertaking of Asian countries to organize a reinsurance company that will service the needs of the region. The GoP assigned such shares, including any interest accruing thereon, to the Company.

The GoP designated the Company as the national institution authorized to subscribe and pay for the said shares of stock. The shares of stock of ARC, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets. The fair value of investment in ARC shares amounted to P44.95 million and P43.07 million as at June 30, 2026 and December 31, 2025, respectively.

The reconciliation of the carrying amount of AFS financial assets is as follows:

	<i>Notes</i>	June 30, 2026	December 31, 2025
Cost			
Balance at beginning of period		P5,600,078	P5,248,772
Acquisitions		1,046,705	2,481,886
Disposals/maturities		(1,046,451)	(2,118,445)
Amortization		(5,552)	(11,152)
Impairment losses	<i>3, 21</i>	(17,185)	(4,753)
Unrealized foreign currency gains		17,401	3,770
		5,594,996	5,600,078
Fair value adjustment			
Balance at beginning of period		60,151	30,969
Changes in fair value		(97,454)	52,595
Fair value gains on disposal	<i>21</i>	(1,560)	(28,166)
Impairment losses	<i>3, 21</i>	17,185	4,753
		(21,678)	60,151
Balance at end of period		P5,573,318	P5,660,229

Fair value losses recognized in the statements of comprehensive income amounted to P97.45 million for the six months ended June 30, 2026 and fair value gains recognized in the statements of comprehensive income amounted to P23.47 million for the six months ended June 30, 2025.

In 2017 and 2018, the Company reclassified certain investments classified under AFS financial assets to HTM securities amounting to P1.56 billion (see Note 8) and to Other assets amounting to P0.88 million.

The Company recognized an impairment loss amounting to P17.19 million and nil for the six months ended June 30, 2026 and 2025, respectively, which pertains to certain investments in equity securities with significant or prolonged decline in fair values. These were recorded as part of Investment and other income and expenses – net account in the statements of income (see Note 21) after transferring the same amount of fair value losses on AFS financial assets from the Other comprehensive income account.

The Company sold AFS financial assets with carrying amount of P1.05 billion and P1.50 billion for the six (6) months ended June 30, 2026 and 2025, respectively.

Accordingly, the Company recognized gain on sale of AFS financial assets amounting to P1.56 million and P28.57 million for the six months ended June 30, 2026 and 2025, respectively. These are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

Fair value losses of P15.63 million and fair value gains of P28.57 million, as presented in the statements of comprehensive income, were reclassified to profit or loss in 2026 and 2025, respectively (see Note 21).

The fair value of majority of the AFS financial assets has been determined directly by reference to published prices in active market (see Note 30.2).

8. HELD-TO-MATURITY SECURITIES

The following presents the carrying value of corporate bonds and government securities by contractual maturity dates:

	June 30, 2026	December 31, 2025
Due within one year	P446,712	P500,419
Due after one year through five years	1,309,247	1,630,218
Due after five years through ten years	2,093,154	1,103,497
More than ten years	476,071	1,048,862
	P4,325,184	P4,282,996

The reconciliation of the carrying amount of HTM securities is as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P4,282,996	P4,024,499
Additions	241,597	1,362,260
Maturities	(207,105)	(1,108,381)
Amortization	(5,756)	739
Unrealized foreign currency gains	13,452	3,879
Balance at end of period	P4,325,184	P4,282,996

In May 2017, the Company's BOD approved the reclassification of certain investment in corporate bonds amounting to P1.09 billion previously classified as AFS financial assets to HTM securities due to change in intention to collecting interest coupons until maturity. New effective interest rates at the date of reclassification range from 2.36% to 6.24%.

In September 2018, the Company's BOD approved the reclassification of certain government securities from AFS financial assets to HTM securities amounting to P473.13 million with face value of P562.50 million (see Note 7). These are earmarked as security for the benefit of cedants and creditors of the Company in accordance with the provisions of the Insurance Code. The new effective interest rate at the date of reclassification is 7.13%. These securities matured on September 9, 2025.

The carrying amount of the reclassified debt securities amounted to nil as at June 30, 2026 and December 31, 2025.

The Company recognized interest income on HTM securities amounting to P128.30 million and P107.24 million, for the six months ended June 30, 2026 and 2025, respectively (see Note 21).

9. OTHER INVESTMENTS

As at June 30, 2026 and December 31, 2025, the Company's Other investments account amounted to nil and P112.05 million, respectively. This includes time deposits denominated in U.S. dollar amounting to \$1.91 million (P112.05 million) as at December 31, 2025.

Other investments consist of short-term placements with maturity periods of more than three (3) months but less than one (1) year.

No interest income was recognized from other investments for the six-month periods ended June 30, 2026 and 2025.

U.S. dollar short-term placements earn annual interest ranging from 4.25% to 4.30% in 2025.

10. LOANS AND RECEIVABLES

This account is comprised of the following:

	June 30, 2026	December 31, 2025
Current:		
Loans and notes receivable	P16,751	P11,727
Dividend and interest receivable	116,201	110,877
	132,952	122,604
Non-current:		
Loans and notes receivable	5,231	3,980
	P138,183	P126,584

Loans and notes receivable include car loans extended to certain officers as part of their benefits. These loans are collected through salary deductions for a period of five years with an annual effective interest rate of 8.00%.

Interest income on Loans and notes receivable amounting to P0.27 million and P0.36 million for the six months ended June 30, 2026 and 2025, respectively, is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

The carrying value of these financial assets approximate their fair value as the interest rates approximate the prevailing market interest rates. No impairment loss was recorded for loans and receivables in 2026 and 2025.

11. PROPERTY AND EQUIPMENT – NET

A reconciliation of the carrying amount at the beginning and end of June 30, 2026 and December 31, 2025 of property and equipment is shown below.

Note	June 30, 2026					Total
	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	
Cost						
Balance at beginning of period	P101,310	P25,432	P12,104	P23,784	P11,350	P173,980
Additions	–	3,976	2,071	–	715	6,762
Disposals/retirements	–	–	–	(2,333)	(1,262)	(3,595)
Balance at end of period	101,310	29,408	14,175	21,451	10,803	177,147
Accumulated Depreciation						
Balance at beginning of period	88,365	20,331	6,224	18,521	11,196	144,637
Depreciation ²³	1,688	1,594	1,332	1,034	48	5,696
Disposals/retirements	–	–	–	(2,307)	(1,251)	(3,558)
Balance at end of period	90,053	21,925	7,556	17,248	9,993	146,775
Net Book Value	P11,257	P7,483	P6,619	P4,203	P810	P30,372

Note	December 31, 2025					Total
	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	
Cost						
Balance at beginning of year	P101,310	P25,285	P13,175	P22,216	P11,350	P173,336
Additions	–	147	1,000	1,568	–	2,715
Disposals/retirement	–	–	(2,071)	–	–	(2,071)
Balance at end of year	101,310	25,432	12,104	23,784	11,350	173,980
Accumulated Depreciation						
Balance at beginning of year	84,988	17,809	4,574	16,548	11,176	135,095
Depreciation	3,377	2,522	2,561	1,973	20	10,453
Disposals/retirements	–	–	(911)	–	–	(911)
Balance at end of year	88,365	20,331	6,224	18,521	11,196	144,637
Net Book Value	P12,945	P5,101	P5,880	P5,263	P154	P29,343

The Company sold and retired certain assets with book value of P0.04 million and nil for the six (6) months ended June 30, 2026 and 2025, respectively. Accordingly, the Company recognized a net loss amounting to P0.03 million and nil for the six months ended June 30, 2026 and 2025, respectively. These are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

The original cost of fully depreciated property and equipment that are still in use amounted to P22.27 million and P25.58 million as at June 30, 2026 and December 31, 2025, respectively.

ROU assets capitalized are recognized as part of Electronic Data Processing (EDP) Equipment. As at June 30, 2026 and December 31, 2025, ROU assets and Lease liabilities amounted to P0.03 million and P0.12 million, respectively.

Depreciation associated with ROU assets amounted to P0.09 million in June 30, 2026 and 2025.

12. REINSURANCE RECOVERABLE ON REPORTED CLAIMS AND CLAIMS RESERVES – NET

The Reinsurance recoverable on reported claims and claims reserves account consists of:

	June 30, 2026	December 31, 2025
Reinsurance recoverable on reported claims	P 1,883,083	P1,842,751
Reinsurance recoverable on claims reserves	878,314	932,151
Balance at end of period	P2,761,397	P2,774,902

The movement in the accounts are as follows:

	Notes	Reinsurance recoverable on reported claims	Reinsurance recoverable on claims reserves
June 30, 2026			
Balance at beginning of period		P1,991,949	P932,151
Claims reported during the period	22.1	214,292	–
Transferred to reinsurance recovered on paid claims	5, 22.1	(161,999)	–
Claims incurred but not reported, net of adjustments	22.2	–	(53,837)
Reclassification		(13,291)	–
Foreign exchange revaluation		1,330	–
		2,032,281	878,314
Allowance for impairment		(149,198)	–
Balance at end of period		P1,883,083	P878,314
December 31, 2025			
Balance at beginning of year		P2,170,458	P839,303
Claims reported during the year		411,181	–
Transferred to reinsurance recovered on paid claims	5	(602,819)	–
Claims incurred but not reported, net of adjustments		–	92,848
Reclassification		14,044	–
Foreign exchange revaluation		(915)	–
		1,991,949	932,151
Allowance for impairment		(149,198)	–
Balance at end of year		P1,842,751	P932,151

All of the Company's reinsurance recoverable on reported claims and claims reserves have been reviewed for indicators of impairment. Certain reinsurance recoverable on reported claims was found to be impaired and provisions have been recorded accordingly.

The movement in the allowance for impairment with respect to Reinsurance recoverable on reported claims during the period is as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P149,198	P162,309
Reversals	–	(13,111)
Balance at end of period	P149,198	P149,198

13. DEFERRED ACQUISITION COSTS

The movements in this account are as follows:

	<i>Note</i>	June 30, 2026	December 31, 2025
Balance at beginning of period		P1,145,676	P1,096,624
Cost deferred during the period		195,519	811,544
Cost recognized during the period	22.3	(321,092)	(762,492)
Balance at end of period		P1,020,103	P1,145,676

The amortization of deferred acquisition costs for the period is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 22.3).

14. DEFERRED REINSURANCE PREMIUMS

The movements in this account are as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P623,632	P647,670
Premiums retroceded during the period	851,940	1,218,912
Premiums amortized during the period	(784,094)	(1,242,950)
Balance at end of period	P691,478	P623,632

The movements in deferred reinsurance premiums for the period are presented as part of Movement in premium reserves – net account in the statements of income.

15. OTHER ASSETS – NET

This account is composed of the following:

	June 30, 2026	December 31, 2025
Input Value Added Tax (VAT)	P199,365	P195,947
Receivable from BIR	131,253	53,065
Intangible assets – net	56,503	55,366
Prepayments	17,562	9,753
Deferred creditable tax	10,352	10,228
Deferred withholding VAT	9,203	9,203
Investment properties – net	3,705	3,705
Prepaid income tax	2,175	–
Deposit	723	700
Security fund	644	644
Deferred input VAT	6	26
Others	139	137
	431,630	338,774
Allowance for impairment	(209,633)	(209,633)
	P221,997	P129,141

As at June 30, 2026 and December 31, 2025, there is no change in the amount of allowance for impairment with respect to the balances disclosed above.

Input VAT

The input VAT pertains to the 12% tax paid by the Company on commissions and local purchase of goods or services. The input VAT is recorded at cost. It is used to offset against output VAT due to the Bureau of Internal Revenue (BIR).

Receivable from BIR

Receivable from BIR account pertains to the amount collected by the BIR on April 20, 2022 and April 28, 2026 in relation to the Final Decision on Disputed Assessment (FDDA) for VAT deficiency issued for the taxable year 2016 and 2017, respectively (see Note 28.3).

Intangible Assets

Intangible assets pertain to acquired computer software licenses used in operation and administration. The gross carrying amount and accumulated amortization of intangible assets as at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026	December 31, 2025
Cost	P219,810	P218,655
Accumulated amortization	(163,307)	(163,289)
Balance at end of period	P56,503	P55,366

A reconciliation of the carrying amount at the beginning and end of June 30, 2026 and December 31, 2025 of intangible assets is shown below.

	<i>Note</i>	June 30, 2026	December 31, 2025
Balance at beginning of period, net of accumulated amortization		P55,366	P34,021
Additions		1,155	21,345
Amortization		(18)	—
Balance at end of period, net of accumulated amortization		P56,503	P55,366

The Company recognized amortization amounting to P0.02 million and nil for the periods ended June 30, 2026 and December 31, 2025, respectively.

Prepayments

Prepayments pertain to software licenses and support maintenance costs and prepaid health and group life insurance premiums of the Company.

Investment Properties – net

Investment properties consist of land which are owned for capital appreciation. The carrying amount of investment properties as at June 30, 2026 and December 31, 2025 is P3.71 million.

The total estimated fair value based on the latest available selling price of the properties obtained by the Company amounted to P35.41 million as at June 30, 2026 and December 31, 2025 (see Note 30.4).

Prepaid Income tax

Prepaid income tax pertains to the excess of creditable withholding taxes applied against the income tax payable for the current period.

Security Fund

Security fund represents amount deposited with the IC, as required by the IC, and in instances of the Company becoming insolvent, can be used as payment for valid claims against the Company. The balance of the fund earns interest at rates determined by the IC annually.

Deferred Input VAT

Deferred input VAT pertains to VAT from the purchase of goods and services that are due to the suppliers as at reporting date.

16. REINSURANCE BALANCES PAYABLE

The details of this account are as follows:

	June 30, 2026	December 31, 2025
Due to retrocessionaires	P2,299,627	P1,792,061
Due to cedant	93,771	347,744
Funds held for retrocessionaires	31,725	24,865
	P2,425,123	P2,164,670

Due to retrocessionaires

Due to retrocessionaires represent unpaid premiums payable to the Company's retrocessionaires.

Funds held for retrocessionaires

Funds held for retrocessionaires represent portion of the reinsurance premium ceded to retrocessionaires, which were withheld by the Company in accordance with reinsurance agreements.

The Company's payments of these reinsurance liabilities are netted by the retrocessionaires' share in underwriting costs and claims paid.

The movements in these accounts are shown below.

	June 30, 2026			
	Due to retrocessionaires	Due to cedant	Funds held for retrocessionaires	Total
Balance at beginning of period	P1,792,061	P347,744	P24,865	P2,164,670
Retroceded premiums net of funds held during the period	845,338	—	—	845,338
Funds held during the period	—	—	6,602	6,602
Funds released during the period	(259)	—	259	—
Reclassification	195,802	(253,534)	(1)	(57,733)
Payments made during the period	(536,538)	—	—	(536,538)
Foreign exchange revaluation	3,223	(439)	—	2,784
Balance at end of period	P2,299,627	P93,771	P31,725	P2,425,123

	December 31, 2025			
	Due to retrocessionaires	Due to cedant	Funds held for retrocessionaires	Total
Balance at beginning of year	P1,863,243	P32,671	P17,166	P1,913,080
Retroceded premiums net of funds held during the year	1,204,075	—	—	1,204,075
Funds held during the year	—	—	14,837	14,837
Funds released during the year	14,258	—	(14,258)	—
Reclassification	(144,719)	313,642	7,120	176,043
Payments made during the year	(1,145,050)	—	—	(1,145,050)
Foreign exchange revaluation	254	1,431	—	1,685
Balance at end of year	P1,792,061	P347,744	P24,865	P2,164,670

17. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account includes the following:

	<i>Note</i>	June 30, 2026	December 31, 2025
Accounts payable and accrued expenses		P249,268	P157,329
Deferred output VAT		26,255	25,970
Defined benefit liability		20,648	12,530
Withholding taxes payable		14,128	5,556
Deposit liability		12,222	19,324
Dividends payable	24.3	1,662	1,662
Income tax payable		–	187,088
		P324,183	P409,459

Accounts payable represent balances due to suppliers or for the purchase of goods or services. This includes accrued expenses pertaining to accruals of professional fees, outside services, utilities, uniforms, membership dues and meeting expenses and the related input VAT.

Deferred output VAT pertains to VAT from the sale of goods and services that are still outstanding as at end of period. These amounts are not due for remittance to the BIR until the receivables are collected.

In February 13, 2020, the Company entered into an ordinary life coinsurance agreement with a ceding company for its specific in-force block of business, where it assumed a share of the gross premium in return for a proportionate share of the coverage of all benefits. An initial consideration of P211.10 million was transferred to the Company representing the statutory reserves of the underlying contracts. As the related insurance risk of the underlying contracts were not considered significant, this contract was accounted for as a Deposit liability. The statutory reserves are measured based on the assumptions consistent with the Life's valuation standards set by the IC.

Movements resulting from the remeasurement of the statutory reserves are recognized as Movement in deposit liability as reported under Investment and other income and expenses – net account (see Note 21). As at June 30, 2026 and December 31, 2025, the statutory reserves amounted to P12.22 million and P19.32 million, respectively.

Other than the statutory reserves discussed above, the Management considers the carrying amount of accounts payable and accrued expenses recognized in the statements of financial position to be a reasonable approximation of their fair value due to their short duration.

Income tax payable pertains to amount due by the Company as a result of taxable income for the year using tax rates enacted at the reporting date, after deducting the creditable withholding taxes and prepaid income taxes.

18. CLAIMS AND CLAIMS RESERVES

Claims and claims reserves are losses due to ceding companies under reinsurance agreements inclusive of reserves for IBNR claims, loss adjustment expenses payable and MfAD as shown below.

The claims and claims reserves account consists of:

	June 30, 2026	December 31, 2025
Claims	P4,854,994	P5,901,510
Claims reserves	5,368,904	4,610,328
Balance at end of period	P10,223,898	P10,511,838

June 30, 2026	<i>Notes</i>	Claims	Claims reserves
Balance at beginning of period		P5,901,510	P4,610,328
Claims incurred during the period – net	22.1	585,256	–
Claims incurred but not reported, net of adjustments	22.2	–	758,576
Reclassification		179,414	–
Claims paid during the period	22.1	(1,844,252)	–
Foreign exchange revaluation		33,066	–
Balance at end of period		P4,854,994	P5,368,904

December 31, 2025	Claims	Claims reserves
Balance at beginning of year	P5,637,256	P4,195,145
Claims incurred during the year – net	2,889,643	–
Claims incurred but not reported, net of adjustments	–	415,183
Reclassification	(164,019)	–
Claims paid during the year	(2,437,755)	–
Foreign exchange revaluation	(23,615)	–
Balance at end of year	P5,901,510	P4,610,328

19. PREMIUM RESERVES

The movements in Premium reserves are as follows:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P1,965,134	P1,860,645
Premium written during the period	2,876,957	5,727,411
Premiums earned during the period	(2,595,041)	(5,622,922)
Balance at end of period	P2,247,050	P1,965,134

The movements in premium reserves for the period are presented as part of Movement in premium reserves – net account in the statements of income.

20. DEFERRED REINSURANCE COMMISSIONS

The movements in Deferred reinsurance commissions are as follows:

	<i>Note</i>	June 30, 2026	December 31, 2025
Balance at beginning of period		P11,604	P2,321
Income deferred during the period		27,998	38,648
Income recognized during the period	22.3	(19,219)	(29,365)
Balance at end of period		P20,383	P11,604

The amortization of deferred reinsurance commissions for the period is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 22.3).

21. INVESTMENT AND OTHER INCOME AND EXPENSES – NET

The details of this account are as follows:

	<i>Notes</i>	June 30, 2026	June 30, 2025
Interest income:			
Cash and cash equivalents	4	P10,364	P8,636
AFS financial assets	7	159,022	142,645
HTM securities	8	128,302	107,237
Loans and receivables	10	271	356
Others		104	677
Foreign currency gains (losses)		72,191	(24,951)
Fair value gains on HFT securities		48,490	27,599
Dividend income	6, 7	15,359	14,849
Gain on sale of HFT securities		9,871	18,712
Gain on sale of AFS	7	1,560	28,567
Movement in deposit liability	17	93	(347)
Gain on sale of non-financial assets	11	(25)	–
Impairment loss on AFS financial assets	7	(17,185)	–
Fair value losses from forward contract	6	(15,816)	(85)
Other charges		(5,375)	(5,403)
		P407,226	P318,492

22. UNDERWRITING DEDUCTIONS

The Claims and claims reserves – net account consists of:

	<i>Notes</i>	June 30, 2026	June 30, 2025
Change in reported claims – net	22.1	P370,964	P714,905
Change in claims reserves – net	22.2	812,413	679,534
		P1,183,377	P1,394,439

22.1 Change in Reported Claims – Net

	<i>Notes</i>	June 30, 2026	June 30, 2025
Gross claims paid	18	P1,844,252	P1,055,226
Retrocessionaires' share in claims paid	5, 12	(161,999)	(243,852)
Gross change in reported claims	18	(1,258,996)	(49,986)
Retrocessionaires' share in change in reported claims	12	(52,293)	(46,483)
		P370,964	P714,905

22.2 Change in Claims Reserves – Net

	<i>Notes</i>	June 30, 2026	June 30, 2025
Gross change in provision for IBNR	18	P758,576	P908,033
Retrocessionaires' share in change in provision for IBNR	12	53,837	(228,499)
		P812,413	P679,534

22.3 Commissions – Net

This account consists of the following:

	<i>Notes</i>	June 30, 2026	June 30, 2025
Commission expense	13	321,092	P400,737
Commission income	20	(19,219)	(9,833)
		P301,873	P390,904

Commission expense refers to the amortized portion of the fees deducted by ceding companies from reinsurance premiums assumed under reinsurance agreements, while commission income pertains to the amortization for the period of the fees charged by the Company related to reinsurance premiums retroceded under retrocession agreements.

23. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	<i>Notes</i>	June 30, 2026	June 30, 2025
Salaries and employee benefits	23.1	P141,055	P133,647
Professional fees		17,867	8,701
Data, licenses and subscriptions		14,373	14,031
Repairs and maintenance		11,104	9,142
Depreciation and amortization	11, 15	5,714	5,284
Outsourced functions		3,927	2,341
Dues and fees		2,124	3,095
Taxes, licenses and fees		2,087	3,615
Meetings, conferences and conventions		1,464	2,023
Advertising and publicity		1,409	678
Communication and postages		1,247	1,229
Insurance		1,168	1,319
Light and water		726	778
Representation and entertainment		354	347
Printing and office supplies		329	164
Rentals	28.1	293	261
Miscellaneous		7,746	4,599
		P212,987	P191,254

23.1 Salaries and Employee Benefit Expense

The details of salaries and employee benefits are presented below.

	June 30, 2026	June 30, 2025
Short-term employee benefits	P133,325	P125,385
Post-employment defined benefits	7,730	8,262
	P141,055	P133,647

Professional Fees

Professional fees are the expenses charged for external services engaged such as consultancy, external audit, legal and actuarial services.

Data, Licenses and Subscriptions

Data, licenses and subscriptions are the amortized portion of subscriptions paid for the use of various computer licensed software.

Taxes, Licenses and Fees

Taxes, licenses and fees consists of payments made for the local and national taxes, business permits and licenses.

24. EQUITY

The Company's equity is composed of the following:

	<i>Note</i>	June 30, 2026	December 31, 2025
Capital stocks		P2,181,955	P2,181,955
Additional paid-in capital		3,019,218	3,019,218
Treasury shares	24.1	(100,525)	(100,525)
Revaluation reserves		(88,099)	(6,121)
Retained earnings		2,744,887	2,638,562
		P7,757,436	P7,733,089

24.1 Capital Stock

As at June 30, 2026 and December 31, 2025, the Company has authorized shares of 3,000,000,000 and has issued and outstanding shares amounting to P2.08 billion net of treasury shares, which is divided into 2,123,605,600 shares with a par value of P1 per share.

On April 27, 2007, the Philippine Securities and Exchange Commission (SEC) approved the listing of the Company's shares totalling 741,902,600. The shares were initially issued at an offer price of P3.80 per share.

As at June 30, 2026 and December 31, 2025, there are 271 holders of the listed shares. Such listed shares closed at P0.99 and P0.77 per share as at those dates, respectively.

As at June 30, 2026 and December 31, 2025, total treasury shares amounted to P100.53 million representing 58,349,000 shares. There were no treasury stock transactions in 2026 and 2025.

24.2 Appropriation for Special Reserve

In 1989, the BOD approved the establishment of a special reserve for extraordinarily high loss occurrences or severe catastrophic losses. As such, 10% of profit is set aside as special reserve provided there is no deficit. For the periods ended June 30, 2026, and December 31, 2025, the Company appropriated nil and P82.95 million, respectively, for special reserve.

On April 30, 2026, the BOD approved the release of the Special Reserve under Appropriated Retained Earnings amounting to P266.8 million and resolved to discontinue future appropriations. Management determined that the reserve is no longer necessary due to the tightening regulatory reserving and risk-based capital requirements, which require premium and claim reserves to include a margin for adverse deviation sufficient to achieve a 75% confidence level. Furthermore, the Company's Risk Based Capital ratio has consistently exceeded 200% in recent years, which is above the regulatory minimum of 100%, and the Company maintains adequate catastrophe excess-of-loss protection. Accordingly, the special reserve was reclassified to unappropriated retained earnings during the period.

24.3 Retained Earnings

On May 28, 2026, the BOD approved the declaration of cash dividends of P0.137 per share (totaling P290.93 million) to stockholders of record as of June 15, 2026, payable on June 26, 2026. No cash dividends were declared in 2025. The total outstanding dividends payable amounted to P1.66 million as at June 30, 2026 and December 31, 2025, respectively. These are presented as Dividends payable under Accounts payable and accrued expenses account in the statements of financial position (see Note 17).

The Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders, related parties under common ownership, retirement plan and the Company's key management personnel with which the Company had transactions as described below and in the succeeding pages.

25.1 Reinsurance Contracts with Related Parties

The Company accepts and cedes insurance business under various reinsurance contracts with related parties. The details of which are presented as follows:

	June 30, 2026		June 30, 2025	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Premiums	P–	P132,340	P–	P107,510
Commission expense	–	8,062	–	3,248
Retroceded premiums	–	–	83	–
Claims incurred (reversal)	506	9,216	4,151	(11,433)
Claims recoveries (reversal)	574	–	(34)	–

The outstanding balance of the Reinsurance balances receivable from and payable to related parties as at June 30, 2026 and December 31, 2025 are presented as follows:

	June 30, 2026		December 31, 2025	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Due from ceding companies	P–	P320,750	P–	P230,485
Funds held by ceding companies	–	5,622	–	6,296
Funds held for retrocessionaires	1	–	1	–
Reinsurance recoverable on reported claims	1,996	–	1,996	–
Claims payable	151,465	631,776	150,959	627,415
Due to retrocessionaires	197	40,250	197	13,606

The balances discussed above are non-interest bearing, unsecured and is common for all reinsurance agreements regardless of whether the counterparties are related or unrelated to the Company. Premiums receivable, premiums payable and the related commission income/expense are expected to be settled in cash in accordance with the underlying reinsurance contracts. Claims payable and claim recoverable are expected to be settled in cash when the insured/reinsured party has fully substantiated the underlying claim. The allowance for impairment recognized under Due from ceding companies amounted to P65.17 million and P65.23 million as at June 30, 2026 and December 31, 2025, respectively.

The reversed allowance for impairment from related parties under Reinsurance recoverable on paid claims amounted to nil and P0.45 million as at June 30, 2026 and December 31, 2025, respectively.

25.2 Other Transactions

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

		June 30, 2026		December 31, 2025	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Stockholder:					
Cash and cash equivalents	(a)	P9,224	P20,006	(P7,566)	P10,782
HFT securities	(b)	5,113	83,122	36,874	78,009
AFS financial assets	(b)	29,733	36,997	(27,680)	7,264
HTM investments	(b)	—	25,000	—	—
Accrued interest receivables	(b)	358	358	—	—
Interest income – cash and cash equivalents	(a)	7	—	16	—
Interest income – bonds	(b)	204	—	—	—
Dividend income – HFT securities	(b)	777	—	696	—
Dividend income – AFS financial assets	(b)	161	—	359	—
Other expenses	(c)	166	—	81	—
Related Party Under Common Ownership:					
Cash and cash equivalents	(a)	75,180	343,261	(88,677)	268,081
HFT securities	(b)	(19,990)	46,799	8,003	66,789
AFS financial assets	(b)	69,536	116,950	(19,663)	47,415
HTM securities	(b)	(180,590)	225,512	(151,414)	406,102
Accrued interest receivables	(b)	3,123	3,123	—	—
Interest income – cash and cash equivalents	(a)	273	—	14,368	—
Interest income – bonds	(b)	8,709	—	22,127	—
Dividend income – HFT financial assets	(b)	1,521	—	—	—
Dividend income – AFS financial assets	(b)	720	—	—	—
Other expenses	(c)	3,166	—	6,829	—

(a) Cash and Cash Equivalents

The Company maintains several savings, time deposits (including those with original maturity of more than three (3) months but less than one year and are classified as Other investments) and current accounts with a stockholder and related party under common ownership. Interest income recognized is presented as part of Interest income under Investment and other income and expenses – net account in the statements of income (see Note 21).

(b) *Investments*

The Company has investment in shares of stock with a stockholder, and fixed income securities, forward contracts, and UITF investments with related parties under common ownership classified as HFT securities, AFS financial assets, HTM securities and Forward liability. Relative to these transactions, the Company recognized dividend income, interest income, Gain (loss) on sale of AFS, Fair value gains (losses) on HFT securities, and Fair value gains (losses) from forward contract which are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21), while accrued interest on HTM securities is presented as part of Loans and receivables in the statements of financial position (see Note 10).

(c) *Investment Management and Custodianship*

The Company has entered into “Investment Management Agreement” and “Custodianship Agreement” with related parties under common ownership for the management and custodianship of certain investible funds of the Company subject to terms and conditions in the said agreements. In consideration for the services rendered, the Company pays the related parties under common ownership service fees equivalent to a certain percentage of the market value of the investments.

The total service fees paid is charged against Other charges under Investment and other income and expenses – net account in the statements of income (see Note 21).

25.3 *Investment Management of Retirement Fund*

The Company has existing “Retirement Fund Investment Management Agreement” with related parties under common ownership for the management of the investments of the Company’s retirement funds subject to the terms and conditions in the said agreement. The retirement fund does not hold any security issued by the Company as at June 30, 2026 and December 31, 2025.

25.4 *Key Management Personnel Compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director, whether executive or otherwise, of the Company.

The compensation of key management personnel is presented as follows:

	June 30, 2026	June 30, 2025
Short-term benefits	P46,045	P44,871
Post-employment defined benefit	2,669	4,272
	P48,714	P49,143

26. SOLVENCY

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

Whenever the aforementioned requirement is found to be less than the required to be maintained, the IC Commissioner shall direct the Company to make good any such deficiency by cash, to be contributed by all stockholders of record in proportion with their respective interests, and paid to the treasurer of the Company, within 15 days from receipt of the order. Provided, that the Company in the interim shall not be permitted to take any new risk of any kind or character unless and until it makes good any such deficiency.

In case that a stockholder pays the contribution due from another stockholder by reason of failure or refusal of the latter to do so, shall have a lien on the certificates of stock of the Company appearing in its books in the name of the defaulting stockholder on the date of default, as well as on any interests or dividends that have accrued or will accrue to the said certificates of stocks, until the corresponding payment or reimbursement is made by the defaulting stockholder.

27. EARNINGS PER SHARE

The earnings per share are presented as follows:

	June 30, 2026	June 30, 2025
Net profit available to common shareholders	P397,259	P352,664
Divided by the average number of outstanding common shares (in thousands)	2,123,606	2,123,606
	P0.187	P0.166

Diluted earnings per share is not determined since the Company does not have dilutive shares as at June 30, 2026 and December 31, 2025.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

28.1 Lease Commitments – Company as Lessee

The Company is a lessee under various leases covering warehouse and parking lots having a term of one year with renewal options. The future minimum rentals payable under this non-cancellable operating lease as at June 30, 2026 and December 31, 2025 is P0.57 million and P1.14 million, respectively, which is payable not later than one year.

Rental expense recognized amounted to P0.29 million and P0.26 million in 2026 and 2025, respectively, and is presented in the statements of income as Rentals under General and administrative expenses (see Note 23).

28.2 Legal Claims

The Company is currently involved in various legal proceedings. In consultation with the legal counsel, the related risk has been analyzed as to likelihood of occurrence and amount of future obligation. The Company believes that the outcome of these proceedings as at June 30, 2026 and December 31, 2025 will not have a material adverse effect on the Company's financial position.

28.3 Deficiency Tax Assessments

The Company received the Final Decision on Disputed Assessment (FDDA) for the taxable period July 1, 2012 to December 31, 2012 and taxable years 2016, 2017 and 2018. These assessments are in pursuant to which the BIR has sought to investigate the tax periods identified against the Company and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. Pursuant to the Company's policy of addressing such actions and in line with prudent business practice, the Company has engaged tax counsel in relation to these matters.

On March 25, 2026, the BIR served to the Company a Warrant of Dstraint and/or Levy (WDL), authorizing the BIR to collect the disputed 2017 VAT deficiency amounting to P78.19 million. Subsequently, on April 8, 2026 the BIR served the Warrant of Garnishment (WG) to a local bank where the Company maintains an account sufficient to cover the amount specified in the WDL and in the WG. On April 28, 2026, BIR collected the amount of the assessment from the garnished bank account.

As at June 30, 2026 and December 31, 2025, management believes that there is no probable reason that a material outflow of resources will be required, in excess of what has already been provided as provision, considering the merits of the Company's protest and the sufficiency and validity of the documents submitted to the local tax authorities to support the Company's position.

28.4 Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. Management believes that losses as at June 30, 2026 and December 31, 2025, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

29.1 Comparison of Carrying Amounts and Fair Values

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

		June 30, 2026		December 31, 2025	
	Notes	Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:					
Loans and receivables:					
Cash and cash equivalents	4	P407,974	P407,974	P486,711	P486,711
Reinsurance balances receivable - net	5	6,132,144	6,132,144	5,894,354	5,894,354
Loans and receivables	10	138,183	138,183	126,584	126,584
Reinsurance recoverable on reported claims and claims reserves - net	12	1,603,047	1,603,047	1,564,532	1,564,532
		P8,281,348	P8,281,348	P8,072,181	P8,072,181
HFT securities:					
UITF		P733,797	P733,797	P537,195	P537,195
Equity securities		327,870	327,870	316,419	316,419
Forward asset		13	13	1,111	1,111
	6	P1,061,680	P1,061,680	P854,725	P854,725
AFS financial assets:					
Debt securities		P5,405,257	P5,405,257	P5,442,333	P5,442,333
Equity securities – net		123,107	123,107	174,825	174,825
Investment in ARC shares		44,954	44,954	43,071	43,071
	7	P5,573,318	P5,573,318	P5,660,229	P5,660,229
HTM securities	8	P4,325,184	P4,140,993	P4,282,996	P4,278,863
Other investments	9	P–	P–	P112,054	P112,054
Financial liabilities:					
Reinsurance balances payable	16	P2,425,123	P2,425,123	P2,164,670	P2,164,670
Forward liability	6	8,866	8,866	1,761	1,761
Accounts payable and other accrued expenses*	17	263,152	263,152	178,315	178,315
Claims and claims reserves	18	4,326,816	4,326,816	5,295,455	5,295,455
		P7,023,957	P7,023,957	P7,640,201	P7,640,201

* Excluding taxes payable and defined benefit liability.

Due to the short-term duration, management considers the carrying value of the Company's loans and receivables and financial liabilities at amortized cost approximate their fair value as at the end of the reporting periods.

See Notes 2.4 and 2.9 for a description of the accounting policies for each category of financial instrument including the determination of fair value.

29.2 Offsetting of Financial Assets and Financial Liabilities

For financial assets and financial liabilities, subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties, including related parties, allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

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

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

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

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

30.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Company's financial assets measured at fair value in the statements of financial position on a recurring basis (amounts in thousands).

	<i>Notes</i>	Level 1	Level 2	Level 3	Total
June 30, 2026					
HFT securities	6	P1,061,667	P13	P–	P1,061,680
AFS financial assets	7	5,515,722	6,900	50,696	5,573,318
Forward liability	6	–	8,866	–	8,866
December 31, 2025					
HFT securities	6	P853,614	P1,111	P–	P854,725
AFS financial assets	7	5,605,518	5,750	48,961	5,660,229
Other Investments	9	112,054	–	–	112,054
Forward liability	6	–	1,761	–	1,761

The movements of the AFS financial assets classified under Level 3 in the fair value hierarchy is shown below:

	June 30, 2026	December 31, 2025
Balance at beginning of period	P48,961	P44,418
Fair value gains	44,944	4,155
Disposals	(44,494)	—
Foreign currency gains	1,285	388
Balance at end of period	P50,696	P48,961

There has been no transfer between levels in 2026 and 2025.

Described below are the information about how the fair value of the Company's classes of financial assets are determined.

(a) *Equity securities*

As at June 30, 2026 and December 31, 2025, instruments included in Level 1 comprise equity securities classified as HFT securities and AFS financial assets. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

Golf club shares classified as AFS financial assets are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, investment in equity securities held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the private company's book value using the most recent available financial data. The estimated fair value will increase (decrease) if the book value increases (decreases).

(b) *Debt securities*

The fair value of the Company's debt securities, which consist of government and corporate bonds, is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

(c) *UITF*

The fair value of the Company's UITF which is classified as money market funds and consist of units of participation on the Fund's investments in short-term fixed income instruments consisting of time deposits and government securities with tenors of less than one year is estimated by reference to the net asset value published by the fund managers and is categorized within Level 1.

(d) *Forward asset and liability*

The fair value of the Company's forward asset and liability is estimated by reference to the foreign exchange rate published by the Bangko Sentral ng Pilipinas at the end of the reporting period and is categorized within Level 2.

30.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2026					
Financial assets:					
Cash and cash equivalents	4	P407,974	P–	P–	P407,974
Reinsurance balances receivable - net	5	–	–	6,132,144	6,132,144
HTM securities	8	4,140,993	–	–	4,140,993
Loans and receivables	10	–	–	138,183	138,183
Reinsurance recoverable on reported claims and claims reserves - net	12	–	–	1,603,047	1,603,047
		P4,548,967	P–	P7,873,374	P12,422,341
Financial liabilities:					
Reinsurance balances payable	16	P–	P–	P2,425,123	P2,425,123
Accounts payable and other accrued expenses*	17	–	–	263,152	263,152
Claims and claims reserves	18	–	–	4,326,816	4,326,816
		P–	P–	P7,015,091	P7,015,091

* Excluding taxes payable and defined benefit liability

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2025					
Financial assets:					
Cash and cash equivalents	4	P486,711	P–	P–	P486,711
Reinsurance balances receivable - net	5	–	–	5,894,354	5,894,354
HTM securities	8	4,278,863	–	–	4,278,863
Other investments	9	112,054	–	–	112,054
Loans and receivables	10	–	–	126,584	126,584
Reinsurance recoverable on reported claims and claims reserves - net	12	–	–	1,564,532	1,564,532
		P4,877,628	P–	P7,585,470	P12,463,098
Financial liabilities:					
Reinsurance balances payable	16	P–	P–	P2,164,670	P2,164,670
Accounts payable and other accrued expenses*	17	–	–	178,315	178,315
Claims and claims reserves	18	–	–	5,295,455	5,295,455
		P–	P–	P7,638,440	P7,638,440

* Excluding taxes payable and defined benefit liability

For financial assets other than HTM securities, management considers that the carrying amount of those short-term financial instruments approximate their fair value.

30.4 Fair Value Measurement for Non-financial Assets

The Company used market comparable approach as a valuation technique in measuring the fair value of its investment properties to arrive at fair value that is more representative of the investment properties' highest and best use. As at June 30, 2026 and December 31, 2025, the fair value of the investment properties is P35.41 million classified under Level 3 of the fair value hierarchy (see Note 15). The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are (a) to ensure the Company's ability to continue as a going concern; and, (b) to provide an adequate return to shareholders by complying with the capital requirements and limitation enforced by the IC and by aligning the Company's operational strategy to its corporate goals. The capital requirements and limitations are as follows:

31.1 Minimum Capitalization

Under Section 289 of the Republic Act (RA) No. 10607 (The New Insurance Code), any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least P3,000,000,000 paid in cash of which at least 50% is paid-up capital and the remaining portion thereof is contributed surplus, which in no case shall be less than P400,000,000 or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the IC Commissioner.

The IC issued Circular Letter (CL) No. 2015-02-A dated January 13, 2015, to clarify the minimum capitalization requirements under Sections 194, 197, 200 and 289 of RA No. 10607. Under the said CL, all existing reinsurance companies authorized to transact solely reinsurance business must have a net worth of at least P2.5 billion by December 31, 2019 and shall increase to P3.0 billion by December 31, 2022. The minimum net worth of the said companies shall remain unimpaired at all times.

As at June 30, 2026 and December 31, 2025, the Company has complied with the minimum capital requirements.

31.2 Risk-Based Capital Requirements

As per IC CL No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, all insurance companies must satisfy the annual minimum statutory RBC Ratio set at 100%. RBC ratio is computed by dividing the Company's Total Available Capital (TAC) by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2, minus deductions, subject to applicable limits and determinations. Tier 1 capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis and is considered to be the highest quality capital available to the insurer. Tier 2 refers to capital not having the same high quality characteristics of Tier 1, but can provide additional buffer to the insurer. RBC requirement or the total required capital of an insurance company is the capital that is required to be held appropriately to the risks an insurance company is exposed to.

As at June 30, 2026 and December 31, 2025, the Company has complied with the risk-based capital requirements.

31.3 Limitation on Dividend Declaration

The Company's BOD is authorized to declare dividends. A cash dividend declaration does not require any further approval from the stockholders. However, a stock dividend declaration requires further approval of the stockholders holding or representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as and at such times as the BOD may determine and in accordance with law.

The Insurance Commission, under Circular Letter No. 2021-02, dated January 7, 2021, provides that all regulated entities authorized to do business in the Philippines shall meet the following regulatory measures at all times, without regulatory relief, and which shall be duly attested by the President and Treasurer of the company, before declaration and/or distribution of dividends out of the unrestricted retained earnings:

- unimpaired paid-up capital stock;
- the net worth requirements as prescribed by Circular Letter (CL) No. 2015- 02-A and Section 194 of the Amended Insurance Code;
- the solvency requirements defined by Section 200 of the Amended Insurance Code;
- in the case of life insurance companies, the legal reserve fund required by Section 217;
- in the case of corporations other than life, the legal reserve fund required by Section 219; and
- a sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

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

The SEC, through its Memorandum Circular 16 dated September 19, 2023, has set the revised guidelines in determining the appropriate amount of Retained Earnings available for dividend distribution. Based on the circular, dividends shall be declared out of unrestricted retained earnings of the corporation. Accordingly, a corporation cannot declare dividends when it has zero or negative retained earnings otherwise known as Retained Earnings Deficit. For such purpose, the surplus profits or income must be a bona fide income founded upon actual earnings or profits. The existence, therefore, of surplus profits arising from the operation of corporate business is a condition precedent to the declaration of dividends.

The phrase "actual earnings or profits" shall be the net income for the year based on the audited financial statements, adjusted for the following unrealized items:

- Equity in net income of associate/ joint venture, net of dividends declared;
- Unrealized foreign exchange gain, except those attributable to cash and cash equivalents;
- Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL);
- Unrealized fair value gain of investment property;
- Deferred tax asset; and other unrealized gains and adjustments that the SEC may prescribe.

32. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic ratios measure the financial performance of the Company:

	June 30, 2026	December 31, 2025
Asset-to-equity	2.97 : 1.00	2.95 : 1.00
Liability-to-equity	1.97 : 1.00	1.95 : 1.00

33. OTHER SEC REQUIREMENTS

The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:

Explanatory comments about the seasonality or cyclical nature of interim operations	Nothing to report.
The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents	Nothing to report.
The nature and amount of changes in estimates of amounts reported in prior interim years of the current fiscal year or changes in estimates of amounts reported prior financial years, if those changes have a material effect in the current interim year	Refer to Note 3 for the development of claims liabilities.
Issuances, repurchases, and repayments of debt and equity securities	Nothing to report.
Dividends paid (aggregate or per share) separately for ordinary shares and other shares	Refer to Note 24.3 for the cash dividends paid.
Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements)	Nothing to report.
Material events subsequent to the end of the interim year that have not been reflected in the financial statements for the interim year	Nothing to report.
The effect of changes in the composition of the issuer during the interim year, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	Nothing to report.
Changes in contingent liabilities or contingent assets since the last annual balance sheet date	Nothing to report.
Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim year.	Nothing to report.

AGING OF REINSURANCE BALANCES RECEIVABLE

As at June 30, 2026

(In million pesos)

	Total	Below 360 days	Over 360 days	Not due
Due from ceding companies	P5,775	P732	P174	P4,869
Reinsurance recoverable on paid claims	423	34	365	24
Funds held by ceding companies	387	—	—	387
Due from reinsurers	34	33	1	—
	P6,619	P799	P540	P5,280
Allowance for impairment*	(487)			
	<u>P6,132</u>			

*The Company's policy on providing allowance for impairment is primarily based on specific identification of accounts, which are deemed uncollectible after taking into consideration the result of collection efforts, age of receivables and company status or perceived degree of financial capacity.