COUNTRY BANKERS INSURANCE CORPORATION
3rd Floor, Country Bankers Centre, T.M. Kalaw Ave.
Ermita, Manila

FINANCIAL REPORTS
December 31, 2025 and 2024

BB & Co.
BANARIA, BANARIA AND COMPANY
Certified Public Accountants

BOA/PRC Reg. No. 0030
CDA/OIC/BIR

SUPPLEMENTAL WRITTEN STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and the Board of Directors
COUNTRY BANKERS INSURANCE CORPORATION
3rd Floor, Country Bankers Centre, T.M. Kalaw Ave.
Ermita, Manila

We have audited the financial statements of **COUNTRY BANKERS INSURANCE CORPORATION**, for the year ended December 31, 2025, on which we have rendered the attached report dated March 19, 2026.

In compliance with the Revised SRC Rule 68, we are stating that the above Company has only ninety-one (91) stockholders owning one hundred (100) or more shares each.

BANARIA, BANARIA AND COMPANY, CPAs

By: GRACIA SEVERA A. BANARIA-ESPIRITU
Partner
CPA Certificate No. 27621
Tax Identification No. 131-938-548
PTR No. 8392597, January 9, 2026, Quezon City
CTC No. 12233928, January 21, 2026, Quezon City
BOA Accreditation No. 0030, valid until August 20, 2027 (Firm)
BOA Accreditation No. 002, valid until August 20, 2027 (Partner)
BIR Accreditation No. 07-000089-004-2023, valid until July 14, 2026 (Firm)
BIR Accreditation No. 07-000088-004-2023, valid until July 14, 2026 (Partner)
IC Accreditation No. 27621-IC, Group A valid until October 27, 2027 (Partner)
IC Accreditation No. 0030-IC, Group A valid until October 27, 2027 (Firm)

March 19, 2026

10 Scout Bayoran Street, South Triangle, Diliman, Quezon City 1103
Tel Nos.: 8372-4281; 8372-4282 / Fax No.: 8372-4280 / Email: banaria_cpas@yahoo.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
COUNTRY BANKERS INSURANCE CORPORATION
3rd Floor, Country Bankers Centre, T.M. Kalaw Ave.
Ermita, Manila

Opinion

We have audited the financial statements of **COUNTRY BANKERS INSURANCE CORPORATION** ("the Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in stockholders' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits.

Report on Legal and Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 33 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BANARIA, BANARIA AND COMPANY, CPAs

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March 19, 2026

COUNTRY BANKERS INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2025 and 2024
(All Amounts in Philippine Peso)
(Centavo Omitted)

A S S E T S	Note		2 0 2 5		2 0 2 4
CURRENT ASSETS					
Cash and cash equivalents	7	P	236,436,219	P	210,013,548
Insurance balances receivable					
Premium receivable	8		99,511,913		98,646,961
Due from ceding companies and reinsurers	9		52,864,248		53,929,190
Reinsurance recoverable on paid losses	10		22,541,013		21,476,608
Funds held by ceding companies	6		515,729		515,729
Accounts and other receivables	12		22,359,079		24,805,271
Deferred acquisition cost	13		30,339,721		35,769,827
Deferred reinsurance premiums	14		10,320,065		5,661,413
Other current assets	16		2,899,781		3,772,851
Total			477,787,768		454,591,398
NON-CURRENT ASSETS					
Held-to-maturity (HTM) financial assets	15		1,187,082,332		1,184,065,229
Available-for-sale (AFS) financial assets	17		3,809,457		3,391,000
Property and equipment, net	18		10,032,896		4,148,271
Investment property	19		29,745,051		43,548,074
Deferred tax assets	21		827,971		827,971
Deferred MCIT	32		3,865,449		1,775,867
Total			1,235,363,156		1,237,756,412
TOTAL ASSETS		P	1,713,150,924	P	1,692,347,810
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Due to reinsurers and ceding companies	11	P	50,191,228	P	47,571,513
Reserve for unearned premiums	11		131,510,359		143,895,556
Claims payable	22		34,727,717		32,719,863
Commissions payable	23		8,983,364		7,545,582
Accounts and other payables	24		10,570,395		12,588,312
Other liabilities	25		6,834,506		6,754,506
TOTAL LIABILITIES			242,817,569		251,075,332
TOTAL STOCKHOLDERS' EQUITY (Exhibit C)			1,470,333,355		1,441,272,478
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		P	1,713,150,924	P	1,692,347,810

(See accompanying notes to the financial statements)

EXHIBIT A

COUNTRY BANKERS INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2025 and 2024
(All Amounts in Philippine Peso)
(Centavo Omitted)

	Notes	2025	2024
REVENUE			
Direct premiums	6,27	P 286,669,535	P 289,859,158
Reinsurance premiums assumed	6,27	10,047,002	8,128,145
GROSS PREMIUMS RETAINED		296,716,537	297,987,303
Reinsurance premiums ceded	6,27	(38,689,942)	(28,409,194)
NET PREMIUMS RETAINED	11,27	258,026,595	269,578,109
Decrease (increase) in net reserve for unearned premiums		12,385,197	(18,960,249)
PREMIUMS EARNED		270,411,792	250,617,860
COMMISSION EARNED	27	7,645,195	3,749,139
OTHER UNDERWRITING INCOME	27	5,913,412	3,060,572
GROSS UNDERWRITING INCOME		283,970,399	257,427,571
UNDERWRITING EXPENSES	29	(179,491,312)	(168,634,204)
NET UNDERWRITING INCOME		104,479,087	88,793,367
OTHER INCOME, NET	28	30,196,199	38,872,441
TOTAL UNDERWRITING AND OTHER INCOME		134,675,286	127,665,808
OPERATING EXPENSES	30	(107,375,783)	(101,496,182)
INCOME BEFORE TAX (To Exhibit D)		27,299,503	26,169,626
Provision for income tax	32	-	-
INCOME FOR THE YEAR (To Exhibit C)		27,299,503	26,169,626
OTHER COMPREHENSIVE INCOME	17	418,457	1,033,605
TOTAL COMPREHENSIVE INCOME		P 27,717,960	P 27,203,231
EARNINGS PER SHARE	35	P 6	P 5

(See accompanying notes to the financial statements)

EXHIBIT B

COUNTRY BANKERS INSURANCE CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2025 and 2024
(All Amounts in Philippine Peso)
(Centavo Omitted)

	Note	2 0 2 5	2 0 2 4
CAPITAL STOCK	26		
Authorized – 5,500,000 common stocks at P100 par value per share			
Subscribed and paid-up – 4,845,499 common stocks		P 484,549,900	P 484,549,900
ADDITIONAL PAID-IN CAPITAL	26	5,490,883	5,490,883
CONTRIBUTED SURPLUS	26	579,091,784	579,091,784
RETAINED EARNINGS	26		
Balance – beginning		370,162,112	343,992,486
Prior period adjustment		1,342,917	-
Income for the year (Exhibit B)		27,299,503	26,169,626
Balance – end		398,804,532	370,162,112
ACCUMULATED OTHER COMPREHENSIVE INCOME			
UNREALIZED GAIN FROM VALUATION OF AFS INVESTMENTS			
Balance – beginning		1,977,799	944,194
Net change in AFS financial assets, net of deferred income tax effect	17	418,457	1,033,605
Balance – end		2,396,256	1,977,799
TOTAL STOCKHOLDERS' EQUITY (To Exhibit A)		P 1,470,333,355	P 1,441,272,478
BOOK VALUE PER SHARE	34	P 303	P 297

(See accompanying notes to the financial statements)

EXHIBIT C

COUNTRY BANKERS INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2025 and 2024
(All Amounts in Philippine Peso)
(Centavo Omitted)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax (Exhibit B)		P 27,299,503	P 26,169,626
Adjustments for:			
Prior period adjustment	26	1,342,917	-
Increase (decrease) in reserve for unearned premiums	11	(12,385,197)	18,960,249
Increase in deferred acquisition cost	13	5,430,106	(5,949,587)
Increase in premiums on held-to-maturity investments	17	3,533,897	(10,455,010)
Net change in AFS financial assets, net of deferred income tax effect	17	418,457	1,033,605
Change in available-for-sale financial assets	17	(418,457)	(1,033,605)
Depreciation	18,30	2,575,567	1,838,210
Adjustment in property and equipment	18	(1)	-
Adjustment in accumulated depreciation	18	-	2
Gain on sale on property and equipment	18,28	(57,497)	(24,487)
Gain on sale on investment property	19	(65,977)	-
Operating income before changes in working capital		27,673,318	30,539,003
Decrease (increase) in:			
Insurance balance receivable	8,9,10	(864,415)	(7,407,574)
Accounts and other receivables	12	2,446,192	(661,040)
Other current assets	16	873,070	(804,120)
Deferred MCIT	32	(2,089,582)	(1,775,867)
Deferred reinsurance premium	14	(4,658,652)	434,803
Increase (decrease) in:			
Due to reinsurers and ceding companies	11	2,619,715	5,451,760
Claims payable	22	2,007,854	(13,076,515)
Commissions payable	23	1,437,782	3,371,040
Accounts and other payables	24	(2,017,917)	4,553,854
Other liabilities	25	80,000	-
Net cash provided by operating activities		27,507,365	20,625,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of held-to-maturity financial assets	15	(171,100,000)	(622,000,000)
Disposal of held to maturity financial assets	15	164,549,000	632,520,000
Proceeds from sale of equipment	18	57,499	24,497
Acquisition of property and equipment	18	(8,460,193)	(2,084,431)
Disposal of investment property	19	13,281,000	-
Proceeds from sale of investment property	19	588,000	-
Acquisition of investment property	19	-	(7,570,400)
Net cash provided by (used in) investing activities		(1,084,694)	889,666
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,422,671	21,515,010
CASH AND CASH EQUIVALENTS, BEGINNING		210,013,548	188,498,538
CASH AND CASH EQUIVALENTS, END		P 236,436,219	P 210,013,548

(See accompanying notes to the financial statements)

EXHIBIT D

COUNTRY BANKERS INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024
(All Amounts in Philippine Peso)
(Centavo Omitted)

NOTE 1 - <u>CORPORATE INFORMATION</u>

1.1 In General

Country Bankers Insurance Corporation ("the Company") was organized under the laws of the Philippines and registered with the Securities and Exchange Commission on October 12, 1960 under Registration No. 17626. Its primary purpose is to engage in the business and operation of all kind of insurance, reinsurance, insurance on buildings, automobiles, cars, and other motor vehicles, goods and merchandise, goods in transit, goods in storage, fire insurance, earthquake, insurance against accident, all other forms of undertakings to indemnify any person against loss, damage, or liability arising from unknown or contingent events, except life insurance.

The Company reached its maximum fifty (50) legal years of existence, and it was extended for an additional fifty (50) years by a maturity vote of the Board of Directors and by the vote of at least two-thirds of the stockholders of the Company. The additional fifty (50) years life extension was approved by the Securities and Exchange Commission (SEC) on March 9, 2009.

The Company is registered with and licensed by the Philippine Insurance Commission.

The Company's registered office, which is also its principal place of business, is located at Country Bankers Centre, 648 T.M. Kalaw Avenue, Ermita, and Manila (as amended on April 28, 2016 and approved by SEC on March 3, 2017).

1.2 Approval of the Financial Statements

The financial statements of the Company for the year ended December 31, 2025 (including the comparative for the year ended December 31, 2024) were approved and authorized for issue by the Board of Directors on March 19, 2026.

NOTE 2 - <u>STATUS OF OPERATION</u>

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

NOTE 3 - <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

The significant accounting policies that have been used in the preparation of these financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of Preparation of Financial Statements

Statement of Compliance with Philippine Financial Reporting Standards
This is the first set of financial statements of Country Bankers Insurance Corporation prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs consist of:

- Philippine Financial Reporting Standards (PFRSs) – corresponding to International Financial Reporting Standards;
- Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and
- Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), of the IASB which are adopted by the FRSC.

Basis of Measurement
These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

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

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

3.2 Functional Currency and Foreign Currency Transactions

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

Functional and Presentation Currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is also the Company's functional currency.

Transactions and Balance
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.

3.3 Adoption of New Interpretation, Revisions and Amendments to PFRS

• *PFRS 9, Financial Instruments* – This standard replaces PAS 39, Financial Instruments: Recognition and Measurement. It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value through profit or loss or through other comprehensive income (OCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at FVPL that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an “expected credit loss” (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

The Company assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no significant impact on the carrying amounts of the Company’s financial assets.

• PFRS 15, *Revenue from Contract with Customers* – The new standard replaces PAS 11, Construction Contracts, PAS 18, Revenue, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.). Further, the standard was subsequently amended to provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

Based on the Company’s assessment, the adoption of PFRS 15 has no significant impact in the timing of the Company’s revenue recognition.

• Amendments to PFRS 15, *Revenue from Contract with Customers* – Clarification to PFRS 15 – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

• PAS 28 (Amendments), *Investments in Associates and Joint Ventures* – Measuring an associate or joint venture at fair value (Part of Annual Improvements to PFRSs 2014-2016 Cycle). Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. PAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

• PAS 40 (Amendments), *Investment Property* – Transfers of Investment Property. The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Examples of evidence of a change in use: (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or and (d) commencement inception of an operating lease to another party, for a transfer from inventories to investment property.

The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

• PFRS 1 (Amendments), *First-time Adoption of International Financial Reporting Standard – Deletion of short-term exemptions for first-time adopters (Part of Annual Improvements to PFRSs 2014-2016 Cycle*). The amendment is about the removal of short-term exemptions dealing with PFRS 7 Financial Instruments: Disclosures, PAS 19 Employee Benefits and PFRS 10 Consolidated Financial Statements. The reliefs provided are no longer applicable and had been available to entities for reporting periods that have now passed.

• PFRS 2 (Amendment), *Share-based payment* – Classification and Measurement of Share-based Payment Transactions. The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

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

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments are not applicable to the Group since none of the entities within the Company have activities that are predominantly connected with insurance or issue insurance contracts.

<u>Standards Issued but Not Yet Effective</u>
Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PAS, PFRS and Philippine Interpretations to have significant impact on the financial statements.

Effective 2024

(i) Amendments to PFRS 16, Lease Liability in a Sale and Leaseback – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions.

(ii) Amendments to PAS 1, Non-current Liabilities with Covenants – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Effective 2025

(i) Amendments to PFRS 17, Insurance Contracts – The main changes resulting from Amendments to PFRS 17 are:

- Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023, and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.

- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather that group of insurance contracts.

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

- Several small amendments regarding minor application issues.

Effective 2026

- Amendments to PFRS 9 and PFRS 7. *Amendments to the Classification and Measurement of Financial Instruments* – Clarifies that financial assests and financial liabilities are recognized and derecognized at the settlement date, except for regular way purchases or sales of financial assets and financial liabilities meeting conditions for a new exception. The new exception permits companies to elect to derecognized certain financial liabilities settled via electronic payment systems earlier than the settlement date.

  They also provide guidelines to assess contractual cash flow characteristics of financial assets, which apply to all contingent cash flows, including those arising from environmental, social, and governance (ESG-linked features).

  Additionally, these amendments introduce new disclosure requirements and update others.

Effective 2027

- PFRS 18 replaces PAS 1, *Presentation and Disclosure in Financial Statements* – The changes, which primarily 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 by nature (e.g., employee compensation), function (e.g., cost of sales), or using a mixed presentation. Expenses presented by function require more detailed disclosures about their nature.

Mandatory Date Yet to be Determined

(i) Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*. This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

Deferred Effectivity

Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the PASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

PFRS 17, *Insurance Contracts.* The amendments cover recognition, measurement, presentation and disclosure requirements for insurance contracts held. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts.* This new standard requires insurance liabilities to be measured at a current fulfillment value and applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and to investment contracts with discretionary participation features. A few scope exceptions will apply.

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

- A specific adaption for contracts with direct participation features (the variable fee approach); or

- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies PFRS 9 and PFRS 15 on or before the date it first applies PFRS 17. However, the implementation of PFRS 17 was deferred by the Financial and Sustainability Reporting Standard Council by two years from January 1, 2023 to January 1, 2025 consistent with the Insurance Commission (IC) Circular Letter No. 2022-29 dated June 20, 2022, and was recently further deferred to January 1, 2027 pursuant to IC Circular No. 2025-04 dated March 11, 2025.

3.4 Separate Financial Statements

These financial statements are prepared as the Company's separate financial statements. As allowed under existing accounting standards, the Company has not presented consolidated financial statements because, (i) the parent is itself a subsidiary, and; (ii) its ultimate parent produces consolidated general purpose financial statements that comply with full PFRSs, and the Company's has no subsidiaries other than one that was acquired with the intention of selling or disposing of it within one (1) year.

Subsidiaries are entities over which the Company has the power to govern the financial reporting policies generally accompanying a shareholding of more than one half of the voting rights. The Company's obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable and convertible are considered when assessing whether the Company controls another entity.

The Company's investment in subsidiaries recognized its subsidiaries at fair value with changes in fair value recognized in statements of comprehensive income, if the fair value of the shares can be measured reliably or at cost less impairment.

Intercompany transactions, balances, and unrealized gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. The Company's investments in associates are accounted for under equity method, wherein the investment is initially recognized at the transaction price (including transaction costs) and subsequently adjusted to reflect the Company's share of the profit or loss and other comprehensive income of the associate. The Company's proportionate share of post-acquisition profits and losses of associates is recognized in profit or loss, and its proportionate share of post-acquisition movements in reserves is recognized in other comprehensive income. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The Company's investments in associates are accounted for in these separate financial statements at cost or, less any impairment loss recognized in accordance with PAS 36 *Impairment of Assets*.

3.5 Cash and Cash Equivalents

Cash and cash equivalents are initially and subsequently measured at face value which is usually its fair value. Cash includes cash in banks and cash on hand. Cash in banks earn interest at the respective bank deposit rates and these are deposits held at call with banks. Cash equivalents, if any, may consist of short-term, highly-liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of placement and that are subject to an insignificant risk of change in value.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

<u>Financial Assets</u>

Initial Recognition and Measurement. Financial assets, are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within twelve (12) months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Company's insurance balance receivables, accounts and other receivables, and held-to-maturity financial assets are classified under this category.

Debt Instruments at FVOCI. For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31, 2025 and 2024, the Company does not have debt instruments at FVOCI.

Equity Instruments at FVOCI. For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, Financial Instruments: Presentation. This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

As at December 31, 2025 and 2024, the Company's available-for-sale financial assets are classified under this category.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2025 and 2024, the Company has no financial assets at FVPL.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets.

The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI. The Company recognizes an allowance for ECL for all debt instruments not held at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within twelve (12) months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are thirty (30) days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2025 and 2024, the Company does not have liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2025 and 2024, the Company's due to reinsurer and ceding companies, reserve for unearned premiums, claims payable, commission payable, accounts payable and other payables (except statutory payables) and other liabilities are classified under this category.

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

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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

3.7 Property and Equipment

An item of property and equipment shall be qualified for recognition as an asset if and only if, (1) it is probable that future economic benefits associated with the item will flow to the entity; and (2) the cost of the item can be measured reliably.

Items of property and equipment are initially recognized at cost. It includes the purchase price and directly attributable costs and the estimate present value of any future unavoidable costs or dismantling and removing items. The corresponding liability is recognized within provisions.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.

Property and equipment, except land, are subsequently carried at cost less accumulated depreciation and any impairment losses. Land held for use in production or administration, if any, is stated at cost less any impairment losses.

When assets are sold or retired, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts and any resulting gain or loss is included in the statement of comprehensive income of such period.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The useful lives of the asset are as follows:

	Estimated Useful Lives
Electronic data processing	5 years
Transportation equipment	5 years
Furniture and fixtures	5 years

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

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

3.8 Investment Property

Initially, investment properties are measured at cost including certain transaction costs. Investment properties acquired through a non-monetary asset exchange is measured initially at fair value unless (a) the exchange lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gain or loss on derecognition of an investment property is recognized as gain on sale of investment properties in the statement of income in the year of derecognition.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

3.9 Impairment of Non-financial Assets

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. At each reporting date, the Company assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset’s (or cash-generating units) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statements of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

3.10 Stockholders' Equity

Stockholders' equity is the residual interest in the assets of the Company after deducting all its liabilities. This includes investments by the shareholders, plus additions to those investments earned through profitable operation and retained for use in the Company's operations, minus reductions to shareholders' investments as a result of unprofitable operations and distributions to shareholders.

The Company shall recognize the issue of shares or other equity instruments as equity when it issues those instruments and another party is obliged to provide cash or other resources to the Company in exchange for the instruments. If the equity instruments are issued before the entity receives the cash or other resources, the Company shall present the amount receivable as an offset to equity in its statement of changes in shareholders' equity. Accordingly, the Company shall measure the equity instruments at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Authorized Capital Stock
The Company's authorized capital stock is composed only of common shares. Common stock is determined using the nominal value of shares that have been issued.

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

Additional Paid-in Capital
Additional paid-in capital includes any premium 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.

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

Retained Earnings

Retained earnings represent the accumulated earnings of the Company reduced by the losses that Company may incur during the period and or by dividend declaration.

Unrealized Gain (Loss) from Valuation of Available-for-sale Financial Assets

Unrealized gain (loss) from valuation of available-for-sale financial assets represents the difference between the acquisition costs in the fair value of the Company's AFS financial assets as of the financial reporting date.

3.11 Deposit for Future Subscription

Deposit for future subscription represents payments made on subscription of shares which cannot be directly credited to 'capital stock' pending registration with the SEC of the amendment to the Articles of Incorporation increasing capital stock. The paid-up subscription can be classified under equity if the nature of the transaction gives rise to a contractual obligation of the Company to deliver its own shares to the subscriber in exchange of the subscription amount.

In addition, deposit for future subscription shall be classified under equity if all of the following elements are present as at reporting date:

(i) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

(ii) There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);

(iii) There is stockholders' approval of said proposed increase; and

(iv) The application for the approval of the proposed increase has been filed with the SEC.

3.12 Earnings per Share (EPS)

Basic earnings per share (EPS) is computed by dividing net income attributable to common shareholders for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have dilutive potential common shares.

3.13 Book Value per Share

Book value per share is the amount that would be paid on each share assuming the Company is liquidated and the amount available to shareholders is exactly the amount reported as stockholders' equity. It is computed by simply dividing the total stockholders' equity to number of shares outstanding during the year since the Company has only one class of shares of stock.

3.14 Revenue and Cost Recognition

Revenue Recognition

Premiums – premiums from short-duration insurance contracts are recognized as revenue over the period of the insurance contracts using the 24th method, except for contracts covering marine cargo risk wherein the premiums written during the first ten months of the current year and the last two months of the preceding year are recognized as revenue in the current year. The portion of the premiums written that relates to the unexpired periods of the policies at the statements of financial position date is accounted for as reserve for unearned premiums and presented in the liability section of the statement of financial position. The related reinsurance premiums ceded that pertain to the unexpired periods at statements of financial position date are accounted for as deferred reinsurance premiums shown as a part of assets in the statements of financial positions. The net changes in this account between statements financial positions date are credited to or charged against income.

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

Underwriting Income – premiums from short-duration insurance contracts are recognized as revenue over the period of the insurance contracts using the 24th method. The portion of the premiums written that relates to the unexpired periods of the policies at each reporting date is accounted for as reserve for unearned premiums and presented in the liability section of the statements of financial position. The related reinsurance premiums ceded that pertain to the unexpired periods at reporting dates accounted for as net changes in these between reporting dates are credited to or charged against income for the year.

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

Reinsurance – amounts of recoverable from reinsurers that relate to paid and unpaid claims and claim adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Reinsurance receivable and the related liabilities are reported separately.

Reinsurance Commissions – reinsurance commissions are deferred and deducted from the applicable deferred acquisition cost, subject to the same amortization method as the related acquisition costs.

The EIR method is a method of calculating the amortized cost of a financial assets or a financial liability and of allocating the interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the EIR, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the EIR, transaction cost, and all over premiums or discounts.

When financial asset or a Company of similar financial assets have been written down as a result of an impairment loss, interest income is recognized using the rate of the interest used to discount the future cash flows for the purpose of measuring impairment loss.

Gain and Losses on Sale of Investment/Property – gains and losses on the sale of securities/property and equipment are calculated as the difference between the net sales proceeds and the carrying amount of the securities/property and equipment. Realized gains and losses are recognized in the statements of comprehensive income when the sales transaction occurs.

Interest Income on Deposits and Placements – revenue is recognized as interest accrues usually on time proportion basis taking into account the effective interest rate yield on the asset.

Dividends – revenue is recognized when the Company's right to receive payment is established.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding value-added tax (VAT) and trade discounts.

Costs Recognition

Acquisition costs vary with and are primarily related to the acquisition of new and renewal insurance contracts such as commissions, certain underwriting, and policy issue costs and inspection fees are deferred and charged to expense in proportion to the premium revenue recognized. Unamortized acquisition costs are shown in the statements of financial positions as deferred acquisition costs.

Claim Cost – share in liabilities for claim costs and claim adjustment expenses relating to insurance contracts are accrued when insured events occur. The share in liabilities for claims (including those for incurred but not reported) are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense of the period in which the estimates are changed or payments are made.

Share in recoveries on claims are evaluated in terms of the estimated realizable values of the salvage recoverable. Recoveries on settled claims are recognized in the statements of comprehensive income in the period the recoveries are made while estimated recoveries are presented as part of Insurance Balances Receivable.

Reinsurance – amounts recoverable from insurers that relate to paid and unpaid claims and claims adjustment expenses are classified as assets, with an allowance for estimated uncollectible amounts. Reinsurance receivables and the related liabilities are reported separately. Reinsurance commissions are deferred and deducted from the applicable deferred acquisition costs, subject to the same amortization method as the related acquisition costs.

Reinsurance Commissions – commissions paid to cedants are deferred and are included in deferred acquisition costs, subject to the same amortization method.

Cost and expenses are recognized in the statements of comprehensive income upon utilization of the service or at date they are incurred. Except for borrowing cost attributable to qualifying assets, all finance costs are reported on an accrual basis.

3.15 Insurance Contract

Insurance contract is a contract under which one party (the insurer) accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder if a specified uncertain future event (the insured event) adversely affects the policyholder.

The Company assesses at each reporting date whether its recognized liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If the assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognized in the statements of comprehensive income.

<u>Insurance Receivables</u>
Insurance receivables are recognized when due and measured at original invoice amount, less an allowance for any uncollectible amounts. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statements of comprehensive income.

Premiums Receivable – premiums receivable are recognized when due and measured on initial recognition at the fair value of the consideration paid plus incremental cost. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method.

Reinsurance Assets – the Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract.

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

Claims receivable from reinsurers on businesses ceded are offset against premiums payable to the reinsurers which is customary in the industry. Details of the amount are shown in the exhibits of the Company's Annual Statement submitted to the Insurance Commission (IC).

An impairment review is performed on all insurance receivables and reinsurance assets whenever events or circumstances indicate that impairment loss occurs. Insurance receivables and reinsurance assets are impaired only if there is objective evidence that the Company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably. If such evidence exists, impairment loss is recognized in the statements of comprehensive income.

The Company uses the statutory guideline in evaluating impairment wherein premiums remaining unpaid beyond a limit set by the IC are impaired and are no longer recognized in the financial statements.

Insurance Liabilities

Insurance contract liabilities are recognized when contracts are entered into and premiums are charged. Provision for claims reported and claims incurred but not reported (IBNR) are based on the estimated ultimate cost of all claims incurred but not settled at the end of the reporting period, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of which cannot be known with certainty at the end of the reporting period. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money and includes provision for unearned premiums, unexpired risks and inadequate premium levels. No provision for equalization or catastrophic reserves is recognized. The liability is derecognized when the contract expires, is discharged or cancelled.

The provision for unearned premiums includes premiums received for risks that have not yet expired. Generally, the provision is released over the term of the contract and is recognized as premium income.

At each reporting date, a liability adequacy test is performed. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the provision for outstanding claims. The provision for unearned premiums is increased to the extent that future claims in respect of current insurance contracts exceed future premiums plus the current provision for unearned premiums.

Insurance contract liabilities are recognized initially at their nominal value and subsequently measured at amortized cost less settlement payments.

Reserve for Unearned Premiums – the proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods or to risks that have not yet expired, is deferred as provision for unearned premiums. The change in the provision for unearned premiums is taken to profit or loss in the order that revenue is recognized over the period of risk. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Deferred Acquisition Costs – commission and other acquisition costs incurred during the financial period that vary with and are related to securing new insurance contracts and or renewing existing insurance contracts, but which relates to subsequent financial periods, are deferred to the extent that they are recoverable out of future revenue margins. All other acquisition costs are recognized as expense when incurred.

Subsequent to initial recognition, these costs are amortized on a straight-line basis using the 24th method over the life of the contract. Amortization is charged to profit or loss. The unamortized acquisition costs are shown as deferred acquisition costs (DAC) in the statements of financial position.

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

DAC is derecognized when the related contracts are settled or disposed of.

3.16 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(i) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(ii) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

(iii) There is a change in the determination of whether fulfilment is dependent on a specified asset; or

(iv) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (i), (iii) or (iv) above, and at the date of renewal or extension period for scenario (ii).

<u>Company as Lessee</u>
Leases which transfer to the Company substantially all risks and benefits incidental to ownership of the leased item are classified as finance leases and are recognized as assets and liabilities in the statements of financial position at amounts equal at the inception of the lease to the fair value of the leased property or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between the finance costs and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in profit or loss. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Total rental expense incurred for the years ended December 31, 2025 and 2024 amounted to P5,902,129 and P6,525,018, respectively (Note 30).

3.17 Employee Benefits

<u>Short-term Benefits</u>
The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include compensation, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

<u>Post-employment Benefits</u>
Post-employment benefits are provided to employees through a defined benefit plan, as well as several defined contributions.

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

The liability recognized in the statement of financial position for post-employment defined benefit pension plans is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Actuarial gains and losses are not recognized as an income or expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately. Past service costs are recognized immediately in profit or loss, unless the changes to the post-employment plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than twelve (12) months after the reporting period are discounted to present value.

Profit-sharing and Bonus Plans

The Company recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period.

They are included in Accounts payables account in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

3.18 Retirement Benefits Cost

The Company has a partly-funded, non-contributory defined benefit retirement plan covering all of its regular employees. Retirement benefit cost is determined using the projected unit credit actuarial valuation method as determined by an independent actuary taking into account the factors of investment, mortality, disability and salary projection rates on actuarial basis.

Past service cost is recognized immediately as expense unless it is conditional on the employees remaining in service for a specified period of time or vesting period. In such case, the past service cost is amortized on a straight-line basis over the vesting period.

Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The Company recognizes a retirement benefit liability if the difference between total of the present value of the defined benefit obligation and any actuarial gains not recognized and the total of the past service cost and actuarial losses not yet recognized and the fair value of plan assets results to a positive. If such difference results to a negative, the Company recognizes a plan asset which is measured at the lower of such difference or the total of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

3.19 Income Taxes

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

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

<u>Deferred Tax</u>
Deferred tax is provided, using the liability method on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, 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 deferred income tax asset can be utilized.

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

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

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

<u>Other Taxes</u>
These accounts consist of the following:

Premiums Tax Payable – represents the unpaid and unremitted balances of the premium tax liability.

Documentary Stamps Tax Payable – represents documentary stamps not yet affixed as of cut-off date on policies already issued or in force and on original issues of stock certificates.

Withholding Tax Payable – represents income taxes withheld from the salaries of employees and creditable taxes withheld from source under the expanded withholding tax system from the remunerations of agents, brokers, general agents, medical examiners and other agencies/corporations for services rendered. These shall be remitted to the BIR on a monthly basis.

FST Payable – this represents the unpaid balance of the fire service tax liability.

Other Taxes and Licenses Payable – this represents all unpaid taxes and licenses other than income and premium taxes due the government.

<u>Optional Standard Deduction</u>
Effective July 2008, Republic Act (RA) No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2025 and 2024, the Company opted to continue claiming itemized standard deductions.

3.20 Provisions and Contingencies

<u>Provisions</u>
Provisions for any restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions may comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

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

<u>Contingencies</u>
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

3.21 Prior Period Adjustments

Prior period adjustments are omissions from, and misstatements in, the Company's financial statements for one or more periods arising from a failure to use, or misuse of, reliable information.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

3.22 Events after the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) those that provide evidence of conditions that existed at the end of the reporting period *(adjusting events after the reporting period)*; and

(b) those that are indicative of conditions that arose after the reporting period *(non-adjusting events after the reporting period)*.

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

3.23 Related Parties Transactions

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

Two or more parties are related parties when at any time during the financial period: (a) one party has direct or indirect control of the other party; or (b) the parties are subject to common control from the same source; or (c) one party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or the parties, in entering a transaction, are subject to influence from the same sources to such an extent that one of the parties to the transaction has subordinated its own separate interests.

As this type of transactions cannot be avoided and are not deemed unlawful, transactions involving such shall require disclosure as provided in the PAS 24 Related Party Transactions.

Individuals, associates or companies that directly or indirectly control or are controlled by or under common control and individuals owning directly or indirectly an interest in the voting power of the reporting entity that gives them significant influence over the entity, and close family members of such individuals are considered related party.

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

3.24 Fair Value Measurement

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

- In the principal market for the asset or liability, or

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

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

PFRS 13 requires that financial assets and 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 required to be disclosed in accordance with other relevant PFRS to be 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 pries included within level 1 that are observable for the asset (i.e., derived from price); and,

Level 3: Inputs for the assets or liability that are not based on observable marked data (unobservable inputs).

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

NOTE 4 - <u>SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES</u>

The Company's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding pages.

4.1 Critical Accounting Judgments

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

<u>Going Concern Assessment</u>
The Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

<u>Financial Assets not Quoted in an Active Market</u>
The Company classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether the assets 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.

<u>Distinction between Investment Properties and Owner-managed Properties</u>
The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generated cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to other assets used in the production or supply process.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

4.2 Key Sources of Estimation Uncertainty

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

<u>Impairment of Financial Assets (Loans and Receivables, Held-to-maturity Financial Assets and Available-for-sale Financial Assets)</u>
The Company reviews its loan, held-to-maturity financial assets and available-for-sale financial assets portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the statements of comprehensive income, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the portfolio before the decrease can be identified with an individual item in that portfolio. 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 Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, volatility rates. However, 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 and loss and equity.

Allowance for Impairment of Insurance Receivables and Other Receivables
Allowance is made for specific groups of accounts, where objective evidence of impairment exists. The Company evaluates the accounts base on the available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

As of December 31, 2025 and 2024, the Company provided an allowance for impairment and credit losses on its receivable amounting to P5,244,205 (Note 20).

Estimated Useful Lives of Property and Equipment
The Company estimates the useful lives of property and equipment based on the period over which the property and equipment are expected to be available for use. The estimated useful lives of the property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property and equipment. In addition, the estimation of the useful lives of property and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The carrying value of property and equipment as of December 31, 2025 and 2024 amounted to P10,032,896 and P4,148,271, respectively (Note 18).

Realizability of Deferred Tax Assets
Deferred tax assets are recognized for all temporary future tax benefits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed to determine the amount of deferred tax assets that can be recognized. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that deferred tax assets will be realized.

As at December 31, 2025 and 2024, deferred tax assets – net amounted to P827,971 (Note 21).

Impairment of Non-financial Assets
The Company assesses the value of property and equipment which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, and require the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that property and equipment and other long-lived assets are impaired. Any resulting impairment loss could have a material adverse impact on the Company’s financial condition and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company’s assessment of recoverable values and may lead to future additional impairment charges.

Based on the assessment of the Company, any of its non-financial assets showed no indication of impairment as at December 31, 2025 and 2024.

Valuation of Insurance Contract Liabilities
Estimates have to be made both for the expected ultimate cost of claims reported and for the expected ultimate cost of IBNR at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty. The primary technique adopted by the management in estimating the cost of IBNR using the past claims settlement trend to predict the future claims settlement. At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to provisions. Insurance contract liabilities are not discounted for the time value of money.

Claims Liability Arising from Insurance Contracts
The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. Estimation of the ultimate cost of claims is a complex process and can be evaluated with the aid of the adjuster’s estimates.

The Company considers that it is impracticable to discuss with sufficient reliability the possible effects of sensitivities surrounding the ultimate liability arising from claims made under insurance contracts as the major uncertainties may differ significantly. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected including reserve for outstanding losses and related insurance balances.

As of December 31, 2025 and 2024, claims payable amounted to P34,727,717 and P32,719,863, respectively (Note 22).

Pension Assumptions
The costs, assets and liabilities of the defined benefit schemes operating by the Company are determined using methods relying on actuarial estimates and assumptions. Details of the key assumptions are set out in Note 36. The Company takes advice from independent actuaries relating to the appropriateness of the assumptions. Changes in the assumptions used may have a significant effect on the statements of comprehensive income and the statements of financial position.

Revenue and Expense Recognition

The Company's revenue and expense recognition policies require the use of estimates and assumptions that may affect the reported amounts of revenues and expenses in the statement of comprehensive income and other related accounts. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

Provision and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision are discussed in Note 3.20.

NOTE 5 - FAIR VALUE MEASUREMENT

5.1 Fair Value Hierarchy

The following table summarizes the carrying amounts and the fair values by level of the fair value hierarchy of the Company's financial assets and liabilities that are carried at fair value or for which fair value is disclosed as of December 31, 2025 and 2024:

		Carrying	Fair Value Hierarchy			
2 0 2 5	Note	Amount	Level 1	Level 2	Level 3	Total
Financial Assets						
Equity instruments at FVOCI						
Available-for-sale financial assets	17	3,809,457	3,809,457	-	-	3,809,457
Financial Assets at amortized cost						
Cash and cash equivalents*	7	235,776,219	235,776,219	-	-	235,776,219
Accounts and other receivables	12	22,359,079	-	-	22,359,079	22,359,079
Held-to-maturity (HTM) financial assets	15	1,187,082,332	1,187,082,332	-	-	1,187,082,332
Insurance receivables						
Funds held by ceding companies	6	515,729	-	-	515,729	515,729
Premiums receivable	8	99,511,913	-	-	99,511,913	99,511,913
Due from ceding companies and reinsurers	9	52,864,248	-	-	52,864,248	52,864,248
Reinsurance recoverable on paid losses	10	22,541,013	-	-	22,541,013	22,541,013
Financial Liabilities						
Insurance payables						
Due to reinsurers and ceding companies	11	50,191,228	-	-	50,191,228	50,191,228
Reserve for unearned premiums	11	131,510,359	-	-	131,510,359	131,510,359
Claims payable	22	34,727,717	-	-	34,727,717	34,727,717
Commissions payable	23	8,983,364	-	-	8,983,364	8,983,364
Acounts and other payables**	24	1,906,823	-	-	1,906,823	1,906,823
Other liabilities	25	6,834,506	-	-	6,834,506	6,834,506

		Carrying	Fair Value Hierarchy			
2 0 2 4	Note	Amount	Level 1	Level 2	Level 3	Total
Financial Assets						
Equity instruments at FVOCI						
Available-for-sale financial assets	17	3,391,000	3,391,000	-	-	3,391,000
Financial Assets at amortized cost						
Cash and cash equivalents*	7	209,373,548	209,373,548	-	-	209,373,548
Accounts and other receivables	12	24,805,271	-	-	24,805,271	24,805,271
Held-to-maturity (HTM) financial assets	15	1,184,065,229	1,184,065,229	-	-	1,184,065,229
Insurance receivables						
Funds held by ceding companies	6	515,729	-	-	515,729	515,729
Premiums receivable	8	98,646,961	-	-	98,646,961	98,646,961
Due from ceding companies and reinsurers	9	53,929,190	-	-	53,929,190	53,929,190
Reinsurance recoverable on paid losses	10	21,476,608	-	-	21,476,608	21,476,608
Financial Liabilities						
Insurance payables						
Due to reinsurers and ceding companies	11	47,571,513	-	-	47,571,513	47,571,513
Reserve for unearned premiums	11	143,895,556	-	-	143,895,556	143,895,556
Claims payable	22	32,719,863	-	-	32,719,863	32,719,863
Commissions payable	23	7,545,582	-	-	7,545,582	7,545,582
Acounts and other payables**	24	2,061,484	-	-	2,061,484	2,061,484
Other liabilities	25	6,754,506	-	-	6,754,506	6,754,506

**Cash and cash equivalents exclude cash on hand amounting to P660,000 and P640,000 as of December 31, 2025 and 2024, respectively.*

***Account and other payables exclude statutory payables amounting to P8,663,572 and P10,526,828 as of December 31, 2025 and 2024, respectively.*

5.2 Fair Value Information

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

Cash and cash equivalents, loans and receivables, insurance receivables and payables, accounts and other payables – carrying amounts approximate fair values due to the relatively short-term maturities of these instruments.

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

The description of the accounting policies for each category of financial instruments is disclosed in Notes 3.6. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 6.

NOTE 6 - INSURANCE AND FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

6.1 Insurance Risk

Insurance risk are risks, other than the financial risk, transferred from the holder of a contract to the issuer. The possibility that the insured events occur and the uncertainty of the amount of the resulting claim.

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

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risk is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

Majority of insurance business ceded is placed on a quota share basis with retention limits varying by product line. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligation assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The details of the Company's losses and claims payable are disclosed in Note 22.

The Company's direct and assumed and premium ceded for the years ended December 31, 2025 and 2024 per line of risk are shown below:

	2025			
Line of Risk	Direct Premiums	Premium Assumed	Premium Ceded	Net Premium Retained
Motor car	85,160,639	217,109	(8,593,966)	76,783,782
Bonds and surety	80,546,841	6,940,937	(1,473,988)	86,013,790
Fire	37,572,827	2,305,301	(16,452,764)	23,425,364
Miscellaneous risk	66,242,431	583,655	(11,853,347)	54,972,739
Personal accident	8,231,106	-	(312,626)	7,918,480
Microinsurance	3,166,486	-	-	3,166,486
Marine cargo	3,945,762	-	-	3,945,762
Property floater	1,803,443	-	(3,251)	1,800,192
Total	286,669,535	10,047,002	(38,689,942)	258,026,595

	2024			
Line of Risk	Direct Premiums	Premium Assumed	Premium Ceded	Net Premium Retained
Motor car	69,469,720	268,331	(3,790,211)	65,947,840
Bonds and surety	111,455,271	2,253,389	(501,268)	113,207,392
Fire	42,923,329	1,531,438	(10,788,579)	33,666,188
Car	22,138,051	-	(6,305,140)	15,832,911
Personal accident	6,427,161	-	(33,801)	6,393,360
Microinsurance	1,559,767	-	-	1,559,767
Marine cargo	2,954,400	6,200	(84,836)	2,875,764
Property floater	1,891,849	-	(69,926)	1,821,923
Miscellaneous	31,039,610	504,742	-	31,544,353
Total	289,859,158	4,564,100	(21,573,761)	272,849,498

Miscellaneous includes all risk insurance, money securities and payroll (MSPR), comprehensive general liability, fidelity guarantee, electronic equipment, public liability, engineering insurance and others.

Key Assumptions

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

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

The table below sets out the concentration of the Company's losses and claims payable as of December 31, 2025 and 2024:

Line of Risk	2 0 2 5		
	Direct Losses	Share in Losses for RI - Assumed	Net
Motor car	1,510,821	-	1,510,821
Margin for adverse deviation	384,189	-	384,189
Fire	453,200	-	453,200
Total	2,348,210	-	2,348,210

Line of Risk	2 0 2 4		
	Direct Losses	Share in Losses for RI - Assumed	Net
Motor car	1,994,006	-	1,994,006
Margin for adverse deviation	377,915	-	377,915
Personal accident/casualty	224,164	-	224,164
Total	2,596,085	-	2,596,085

6.2 Financial Risk

In the course of the business cycle, the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Company adheres to the proactive and prudent approach of managing the business that recognized and manages risks to continuously provide quality services to the client and to protect shareholders' value.

Its risk management is coordinated by its Board of Directors and focuses principally on securing short to medium term cash flows by minimizing exposures to financial markets. The Company does not actively engage in the trading of financial assets nor does it write options. It has no significant exposure to foreign currency risks as most transactions are denominated in Philippine Peso, its functional currency. Its exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting period date.

There were no changes in the Company's financial risk management objectives and policies in 2025 and 2024.

Credit Risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company manages and controls credit risk by maintaining defined credit policies, setting limits on the amount of risk it is willing to accept for individual counterparties and limiting loans concentrations within the institution, and by continuously monitoring exposures in relation to such limits.

Maximum Exposure to Credit Risk

The maximum credit exposure of the Company's financial instruments is equal to their carrying value. No collateral and other credit enhancement was held against its financial assets.

The table below shows the maximum exposure to credit risk for the components of December 31, 2025 and 2024 statements of financial position. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

The details of the Company's maximum exposure to credit risk are as follows:

	Note	2025	2024
Cash in bank and cash equivalents*	7	235,776,219	209,373,548
Premiums receivable	8	99,511,913	98,646,961
Due from ceding companies and reinsurers, net	9	52,864,248	53,929,190
Reinsurance recoverable on paid losses	10	22,541,013	21,476,608
Accounts and other receivable, net	12	22,359,079	24,805,271
Funds held by ceding companies	6	515,729	515,729
HTM investments	15	1,187,082,332	1,184,065,229
Total		1,620,650,533	1,592,812,536

**Cash and cash equivalents exclude cash on hand amounting to P660,000 and P640,000 as of December 31, 2025 and 2024, respectively.*

AFS financial assets are not presented above as these financial assets do not have maturity dates and are due and demandable at will by the Company.

The Company's credit risk is primarily attributable to its cash and cash equivalents. Receivable balances are being monitored on a periodic basis to ensure timely execution of necessary intervention efforts. As of the reporting period, there were no significant concentrations of credit risk. Credit risk does not include cash on hand.

Aging of financial assets are presented below:

	2025							
			Past due but not impaired					
	Total	Current	less than 30 days	31-180 days	181-360 days	1-3 years	3 years above	Impaired
Premiums receivable	99,511,913	-	68,747,529	30,764,384	-	-	-	-
Due from ceding companies and reinsurers	52,864,248	-	8,437,696	19,064,574	9,432,013	6,903,269	9,026,696	-
Funds held by ceding companies	515,729	-	-	-	-	-	515,729	-
Reinsurance recoverable on paid losses	28,655,747	1,485,326	2,001,034	5,075,651	3,059,647	3,458,697	13,575,392	-
Total	181,547,637	1,485,326	79,186,259	54,904,609	12,491,660	10,361,966	23,117,817	-

	2024							
			Past due but not impaired					
	Total	Current	less than 30 days	31-180 days	181-360 days	1-3 years	3 years above	Impaired
Premiums receivable	98,646,961	-	63,697,863	34,949,098	-	-	-	-
Due from ceding companies and reinsurers	53,929,190	-	9,902,592	19,046,897	9,032,059	7,089,201	8,858,441	-
Funds held by ceding companies	515,729	-	-	-	-	-	515,729	-
Reinsurance recoverable on paid losses	38,000,360	1,188,490	2,031,330	5,069,178	3,054,120	11,531,987	13,557,398	-
Total	191,092,240	1,188,490	75,631,785	59,065,173	12,086,179	18,621,188	22,931,568	-

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of generated funds. Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due. The Company manages this risk through periodical monitoring of cash flows in consideration of future payment due dates and daily collection amounts. The Company also ensures that there are sufficient, available and approved working capital reserve that it can draw from anytime.

The Company maintains an adequate amount of cash and cash equivalents in the event of unforeseen interruption of its cash collections. The Company also maintains accounts with several banks to avoid significant concentration of cash with one institution.

The table below summarizes the liquidity risk of the Company's financial liabilities at December 31, 2025 and 2024 based on contractual undiscounted payments.

	Note	Due within 1 year	
		2025	2024
Due to reinsurers and ceding companies	11	50,191,228	47,571,513
Claims payable	22	34,727,717	32,719,863
Commission payable	23	8,983,364	7,545,582
Accrued expenses	24	696,713	1,090,874
Other liabilities	25	6,834,507	6,754,506
Total		101,433,529	95,682,338

*Liquidity risk does not include statutory obligations of the Company.

Market Risk

The Company's investments are regulated under the pertinent provisions of Presidential Decree No. 612, as amended by RA 10607 otherwise known as The Insurance Code. The Code generally requires all insurance companies to obtain prior approval of the IC for any and all of their investments. It further requires companies to submit to the IC a monthly report on all investments made during the previous month. The IC reviews the investments and may suggest or require the immediate sale or disposal of investments deemed too risky.

For equity investments, Section 200 of the Insurance Code further provides, among other things that insurance companies may only invest in stocks of Philippine corporations which have prior three-year dividend payment record. Moreover, the same section limits exposure to any one institution to 10% an insurer's total admitted assets.

Beyond the provisions of the Insurance Code, the Company has established additional guidelines to control the risks inherent in equity investments. The Company's investment policy requires that they invest only in shares of companies that are listed in the Philippine Stock Exchange.

The Company regularly reviews and approves a list of publicly-traded stocks authorized for investments on the basis of the foregoing considerations. Furthermore, the Company seeks to avoid unwarranted concentration of funds in a single asset class by regularly monitoring and limiting the proportion of equity investments to the Company's total investment portfolio.

Principal Financial Instruments

The Company's principal financial instruments comprise of cash and cash equivalents, insurance balances receivables, notes and other receivables – net, HTM financial assets, AFS financial assets, accounts payable, accrued expenses and taxes payable, claims payable, commissions payable, due to reinsurers and ceding companies, bond deposit and premium deposit. A summary of the financial instruments held by category is provided below.

Financial instruments measured at fair value.

The carrying amounts of cash and cash equivalents, insurance balances receivables, notes and other receivables, accounts payable, accrued expenses and taxes payable, claims payable, commissions payable, due to re-insurers and ceding companies, and other liabilities approximate their fair values due to the relatively short-term maturities of financial instruments. The carrying amount of HTM financial assets approximates their fair values.

The fair values of AFS financial assets have been determined directly by reference to published prices in active market.

NOTE 7 - CASH AND CASH EQUIVALENTS

This account consists of the following:

	2 0 2 5	2 0 2 4
Cash in banks	164,008,314	175,833,378
Cash equivalents	71,767,905	33,540,170
Cash on hand	660,000	640,000
Total	236,436,219	210,013,548

Cash in banks represent unrestricted deposits with various banks (commercial and rural banks) that generally earn interest at rates based on prevailing banks deposit rates.

Cash equivalents consist of short-term placements made for various periods up to three (3) months depending on the immediate cash requirements of the Company and earns interest at the respective short-term deposit rates.

Interest income earned from bank deposits and short-term deposits amounted to P2,537,619 and P738,149 in 2025 and 2024, respectively (Note 28).

Cash on hand includes petty cash fund, production fund, commission fund, postage and mailing fund and security fund which was used in the Company's daily operation.

The above assets were free from lien, condition or hold-out and maybe withdrawn anytime. Furthermore, none of the foregoing assets were used to secure any liability of the Company.

NOTE 8 - PREMIUM RECEIVABLE

This account consists of the following:

	2 0 2 5	2 0 2 4
Motor car insurance	24,403,367	18,066,472
Surety insurance	17,304,404	24,602,306
Fire insurance	10,667,743	9,450,568
Micro-insurance	1,559,767	1,559,767
Other insurance	27,215,303	25,999,515
Total	81,150,584	79,678,628
Documentary stamps	9,748,852	9,553,393
Value-added tax	9,091,697	9,158,311
Local government tax	87,550	85,931
Other charges	810,754	1,548,222
Total	100,889,437	100,024,485
Less: Allowance for probable loss	1,377,524	1,377,524
Premium receivable	99,511,913	98,646,961

Other insurance includes all risks insurance, money securities and payroll, comprehensive general liability, fidelity guarantee, electronic equipment, public liability, engineering insurance and others.

Other charges pertain to notarial fees charged to policyholders.

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

During the year, there was no additional provision for probable loss recognized. Therefore, no change on allowance for probable loss for the year ended December 31, 2025.

The aforementioned receivables were not pledged or assigned to secure any liability of the Company.

NOTE 9 - DUE FROM CEDING COMPANIES AND REINSURERS

This account consists of the following:

	2 0 2 5	2 0 2 4
Premiums due from ceding company – facultative	53,570,487	54,635,429
Premiums due from ceding company – treaty	1,281,622	1,281,622
Total	54,852,109	55,917,051
Less: Allowance for impairment	1,987,861	1,987,861
Net	52,864,248	53,929,190

The Company used the specific identification method in recognizing the allowance for impairment of the foregoing assets.

None of the foregoing receivable was pledged/assigned to secure the Company's liabilities.

NOTE 10 - REINSURANCE RECOVERABLE ON PAID LOSSES

This account consists of the following:

	2 0 2 5	2 0 2 4
Reinsurance recoverable on paid losses – facultative	18,929,625	18,613,015
Reinsurance recoverable on paid losses – treaty	3,156,556	3,156,556
Reinsurance recoverable – share on IBNR	2,333,652	1,585,857
Total	24,419,833	23,355,428
Less: Allowance for impairment	1,878,820	1,878,820
Net	22,541,013	21,476,608

The Company used the specific identification method in recognizing the allowance for impairment of the foregoing assets.

NOTE 11 - REINSURANCE ACCOUNTS

This account consists of the following:

	As Reported		Net of Reinsurance	
	2 0 2 5	2 0 2 4	2 0 2 5	2 0 2 4
Due from ceding companies and reinsurance	52,864,248	53,929,190	2,673,020	6,357,677
Claims outstanding	2,348,210	2,596,085	2,348,210	2,956,085
Reserve for unearned premiums	131,510,359	143,895,556	121,190,294	138,234,143

The Company enters into reinsurance agreement to minimize its exposure to material risk resulting from its insurance business. Reinsurance allows the Company to recover portion of losses arising from its reinsurers. However, this does not discharge the liability of the Company as direct insurer of the risk reinsured.

Due from ceding companies and reinsurers, net of reinsurance is derived after deducting due to reinsurers and ceding companies amounting to P50,191,228 and P47,571,513 as of December 31, 2025 and 2024, respectively (Note 6).

NOTE 12 - ACCOUNTS AND OTHER RECEIVABLES

This account consists of the following:

	2 0 2 5	2 0 2 4
Salvage recoverable	8,400,000	16,469,148
Accrued interest income	10,351,012	4,466,073
Accounts receivable	2,765,706	2,759,050
Loans to employee	842,361	1,111,000
Total	22,359,079	24,805,271

Salvage recoverable pertains to estimated salvage or subrogation to be recovered on all claims incurred to date.

Accrued interest income pertains to earned interest income on government securities during the year that were not yet received by the Company.

None of the notes receivables was assigned/pledged as collateral against the Company’s liabilities.

NOTE 13 - DEFERRED ACQUISITION COST

Movements of this account are shown as follows:

	2 0 2 5	2 0 2 4
Balance at January 1	35,769,827	29,820,240
Released during the year	(35,769,827)	(29,820,240)
Deferred commission expense	22,694,526	32,020,688
Unearned commission income	7,645,195	3,749,139
Balance at December 31	30,339,721	35,769,827

This account represents unamortized acquisition cost which was shown as an asset account in the statements of financial position.

The related reinsurance premiums ceded that pertains to the unexpired periods at statements of the financial position date are accounted for as deferred reinsurance premiums shown as part of assets in the financial positions. Unamortized acquisition costs are shown in the statements of financial position as deferred acquisition costs.

NOTE 14 - RESERVE FOR UNEARNED PREMIUMS

The Company adopts the 24th method of recognizing premiums revenue and accounting for the portion of premiums written relating to unexpired periods of the policies and unearned premiums.

The portion of the premiums written that relates to the unexpired periods of the policies at the financial position date are accounted for as Reserve for Unearned Premiums and presented as liability in the financial positions.

	2 0 2 5	2 0 2 4
Reserve using 24th method	131,510,359	143,895,556
Deferred reinsurance premiums	(10,320,065)	(5,661,413)
Net reserve	121,190,294	138,234,143

NOTE 15 - HELD-TO-MATURITY (HTM) FINANCIAL ASSETS

HTM financial assets consist of various bonds and treasury bills with terms from 1 year to 8 years from issue date with annual interest rates, ranging from 3.5% to 7.375%. Movements of the account were shown below:

	2025	2024
Beginning balance	1,184,394,000	1,194,914,000
Acquisition	171,100,000	622,000,000
Matured	(164,549,000)	(632,520,000)
Total	1,190,945,000	1,184,394,000
Unamortized discount	(3,862,668)	(328,771)
Carrying value	1,187,082,332	1,184,065,229

Held-to-maturity financial assets will mature within one (1) year to (8) years.

In compliance with Section 203/191/281 of Insurance Commission (IC), the Company assigned its treasury bills to IC amounting to P239,487,000. The Company shall not withdraw the proceeds of the treasury bills without a release order from Insurance Commission.

Total interest earned on held-to-maturity financial assets amounted to P27,464,886 and P37,984,055 for the years ended December 31, 2025 and 2024, respectively (Note 28).

NOTE 16 - OTHER CURRENT ASSETS

This account consists of the following:

	2025	2024
Forms and supplies inventory	1,335,874	2,456,409
Prepaid expenses	1,120,174	1,082,973
Creditable income tax (Note 32)	395,348	178,865
Security fund	48,386	54,604
Total	2,899,781	3,772,851

Prepaid expenses pertain to prepayments on various utilities.

NOTE 17 - AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

This account consists of the following:

	2025	2024
Cost		
At January 1	2,376,954	2,376,954
Additional	-	-
At December 31	2,376,954	2,376,954
Unrealized gain	1,432,503	1,014,046
Carrying value	3,809,457	3,391,000

The movements in the account of unrealized gain (loss) on available-for-sale financial assets are as follows:

	2025	2024
At January 1	1,014,046	(19,559)
Fair value adjustment	418,457	1,033,605
At December 31	1,432,503	1,014,046
Adjustment	1,288,246	1,288,246
Deferred tax liability	(324,493)	(324,493)
Net	2,396,256	1,977,799

The fair values of available-for-sale financial assets have been determined by reference to Circular Letter issued by the Insurance Commission and published prices in active market.

Adjustment pertains to unrealized loss on available-for-sale investment during the year.

Dividend income earned from AFS financial assets amounted to P1,390 and P33,168 for years ended December 31, 2025 and 2024, respectively (Note 28).

The Company determined that there was no indication of impairment on the foregoing investments and none was used to secure the Company's liabilities.

NOTE 18 - PROPERTY AND EQUIPMENT – NET

The reconciliation of the carrying value at the beginning and ending of property and equipment as of December 31, 2024 and 2025, respectively, is presented below:

Cost	2023	Additions	Disposal	Adjustments	2024	Additions	Disposal	Adjustment	2025
Electronic data processing	30,674,908	1,457,464	(178,392)	-	31,953,980	656,842	(39,463)	(1)	32,571,358
Transportation equipment	5,232,339	50,000	(64,643)	-	5,217,696	5,056,249	(899,999)	-	9,373,946
Furniture and fixtures	12,243,221	576,967	(14,909)	-	12,805,279	1,056,032	(66,249)	-	13,795,062
Leasehold improvements	-	-	-	-	-	1,691,070	-	-	1,691,070
Total	48,150,468	2,084,431	(257,944)	-	49,976,955	8,460,193	(1,005,711)	(1)	57,431,436
Accumulated depreciation	**2023**	**Depreciation**	**Disposal**	**Adjustments**	**2024**	**Depreciation**	**Disposal**	**Adjustments**	**2025**
Electronic data processing	27,171,412	1,640,005	(178,383)	1	28,633,035	1,425,685	(39,463)	-	30,019,257
Transportation equipment	5,173,343	15,278	(64,642)	1	5,123,980	688,539	(899,999)	-	4,912,520
Furniture and fixtures	11,903,651	182,927	(14,909)	-	12,071,669	320,420	(66,249)	-	12,325,840
Leasehold improvements	-	-	-	-	-	140,923	-	-	140,923
Total	44,248,406	1,838,210	(257,934)	2	45,828,684	2,575,567	(1,005,711)	-	47,398,540
Carrying value	3,902,062				4,148,271				10,032,896

During 2025, additions to leasehold improvements pertain to the renovation of the ground floor and the Office of the President. Electronic data processing equipment includes the acquisition of computer machines, printers, and monitors. Transportation equipment refers to the purchase of Toyota RAV4 and Toyota Innova. Additions to furniture and fixtures pertains to air conditioning units, a television, office tables, and dining chairs.

During 2025, the Company sold fully depreciated equipment such as Toyota Hilux pick-up and computer machine and air condition resulting to a gain P57,497 (Note 28). Total proceeds from the sale amounted to P57,499 as of December 31, 2025.

During December 31, 2024, additions in electronic data processing refers to the acquisition of computer machine, printers, and computer monitors. While additions to furniture and fixtures pertains to chairs, air condition units, office table, and computer table.

During December 31, 2024, the Company sold fully depreciated equipment such as computer CPUs, LED monitor, motor vehicle resulting to gain P24,487 (Note 28). Total proceeds from the sale has amounted to P24,497 as of December 31, 2024.

There was no objective evidence which warrants the impairment of the account. Moreover, these were not used as security against the Company’s liabilities.

NOTE 19 - INVESTMENT PROPERTY

This account consists of land amounting to P29,745,051 and P43,548,074 as of December 31, 2025 and 2024, respectively.

These properties are held by the Company for capital appreciation. Therefore, these were classified as investment property using cost model.

During the year the company sold the parcel of land located at Dasmariñas Cavite covered by TCT No. 1220167 resulting to gain of P65,977 (Note 28). Total proceeds from the sale of land amounted to P588,000. The Company also disposed another parcel of land amounting to P13,281,000 located at Quezon City covered by TCT No. 004-2017008502.

During the year 2024, the Company acquired the parcel of land amounting to P7,570,400 located at Cagayan de Oro covered by TCT No. 137-2023009836 and 137-2023009837.

As of the year ended December 31, 2021, the properties have a fair value of P50,556,110 based on the appraisal report received by the Company. There are appraisal reports for the properties acquired during the year. However, no appraisal reports were given as of December 31, 2025 and 2024 to determine the fair value of the properties already owned.

Furthermore, no impairment loss was recognized for these properties and these were not used as collateral for any liability of the Company.

NOTE 20 - ALLOWANCE FOR IMPAIRMENT LOSSES

This account is related to allowances provided to accounts receivable, due from ceding companies and reinsurers, reinsurance recoverable on paid losses, and due from general agents and brokers.

	2 0 2 5	2 0 2 4
Beginning balance	5,244,205	5,244,205
Provision charged to operations	-	-
Total allowance for impairment losses	5,244,205	5,244,205

The breakdown of allowance for impairment losses is as follows:

	2 0 2 5	2 0 2 4
Due from ceding companies and reinsurers (Note 9)	1,987,861	1,987,861
Reinsurance recoverable on paid losses (Note 10)	1,878,820	1,878,820
Premium receivable (Note 8)	1,377,524	1,377,524
Total	5,244,205	5,244,205

NOTE 21 - DEFERRED TAXES

This account consists of the following:

	2025 Assets	2025 Liabilities	2024 Assets	2024 Liabilities
Deferred acquisition cost	-	8,291,007	-	8,291,007
Unrealized gain (loss) on AFS investments	-	324,493	-	324,493
Reserve for unearned premiums	4,828,134	-	4,828,134	-
Allowance for credit and impairment losses	1,573,262	-	1,573,262	-
Provision for retirement	1,006,337	-	1,006,337	-
Provision for deposits	2,035,738	-	2,035,738	-
Total	9,443,471	8,615,500	9,443,471	8,615,500

Movement of temporary difference in 2025 and 2024 are as follows:

2025	Reserve for Unearned Premiums	Allowance for Doubtful Accounts	Provision for Retirement	Provision for Deposits	Deferred Acquisition Cost	Unrealized Gain (Loss) on Investment	Total
At January 1	4,828,134	1,573,262	1,006,337	2,035,738	(8,291,007)	(324,493)	827,971
Credited (charged) to net income	-	-	-	-	-	-	-
At December 31	4,828,134	1,573,262	1,006,337	2,035,738	(8,291,007)	(324,493)	827,971

2024	Reserve for Unearned Premiums	Allowance for Doubtful Accounts	Provision for Retirement	Provision for Deposits	Deferred Acquisition Cost	Unrealized Gain (Loss) on Investment	Total
At January 1	4,828,134	1,573,262	1,006,337	2,035,738	(8,291,007)	(324,493)	827,971
Credited (charged) to net income	-	-	-	-	-	-	-
At December 31	4,828,134	1,573,262	1,006,337	2,035,738	(8,291,007)	(324,493)	827,971

NOTE 22 - CLAIMS PAYABLE

This account represents estimated liability for reported claims and accrual of estimated losses incurred as of reporting date which consists of the following:

	2025	2024
Incurred but not reported reserve	30,892,842	28,703,018
Outstanding claims reserve	2,348,210	2,596,085
Claims handling expenses	1,486,665	1,420,760
Total	34,727,717	32,719,863

NOTE 23 - COMMISSIONS PAYABLE

This account represents unpaid commission to agents and reinsurers amounting to P8,983,364 and P7,545,582 as of December 31, 2025 and 2024, respectively.

NOTE 24 - ACCOUNTS AND OTHER PAYABLES

This account consists of the following:

	2 0 2 5	2 0 2 4
Value-added tax payable (Note 33)	4,467,539	6,799,579
Documentary stamps payable (Note 33)	2,300,000	1,800,000
SSS and HDMF payable	758,868	651,204
Accrued expenses	696,713	1,090,874
Withholding tax payable (Note 33)	565,616	772,701
Local government tax	302,307	317,269
Fire service tax payable	104,493	142,403
Premium tax	164,749	43,672
Other liabilities	1,210,110	970,610
Total	10,570,395	12,588,312

Accrued expenses pertain to Company's liability to government and other accruals, which are expected to be settled within twelve (12) months from the reporting date.

Documentary stamp taxes payable are related with insurance premiums receivable, which the Company remits to the respective government agency upon collection from insured.

Other liabilities represent unrecorded collections of insurance premiums made by the Company's agents and brokers.

NOTE 25 - OTHER LIABILITIES

This account consists of the following:

	2 0 2 5	2 0 2 4
Bond deposit	6,834,506	6,754,506

NOTE 26 - CAPITAL STOCK

26.1 Capital Stock

The roll-forward analysis of the capital stock is as follows:

	2025		2024	
	Amount	Number of Shares	Amount	Number of Shares
Common shares – P100 par				
Authorized at January 1	550,000,000	5,500,000	550,000,000	5,500,000
Increase in authorized share capital	-	-	-	-
At December 31	550,000,000	5,500,000	550,000,000	5,500,000
Subscribed capital stock	531,908,400	5,319,084	531,908,400	5,319,084
Subscription receivable	(47,358,500)	(473,585)	(47,358,500)	(473,585)
Additional subscription	-	-	-	-
Subscribed and fully paid	484,549,900	4,845,499	484,549,900	4,845,499

Restated to conform with current year's presentation.

26.2 Capital Management

The Company's capital management objectives are:

(i) To ensure the Company's ability to continue as a going concern; and

(ii) To provide an adequate return to shareholders by pricing services commensurately with the level of risk. The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial position.

The Company's debt-to-equity ratio is computed as follows:

	2025	2024
Total liabilities	242,817,569	251,075,332
Divided by: Total stockholders' equity	1,470,333,355	1,441,272,478
Debt-to-equity ratio	0.17 : 1.00	0.17 : 1.00

The Company sets the amount of capital in proportion to its over-all financing structure as indicated in its debt-to-equity ratio. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may adjust the amount of the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies of processes for the years ended December 31, 2025 and 2024, respectively.

26.3 Contributed Surplus

Contributed surplus includes any contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing requirements as provided under the Insurance Code. As of December 31, 2025, and 2024, the Company had an additional contributed capital of P579,091,784 through capital infusion in compliance with the minimum net worth requirement of P1,300,000,000 pursuant to IC CL No. 2021-61 and Section 194 of Republic Act No. 10607 (Amended Insurance Code).

26.4 Additional Paid-in Capital

Additional paid-in capital includes any premium received on the initial issuance of capital stock. As of December 31, 2025 and 2024, total additional paid-in capital amounted to P5,490,883.

26.5 Retained Earnings

Retained earnings include all current and prior period results as disclosed in the statements of comprehensive income. As of December 31, 2025 and 2024, total retained earnings amounted to P 398,804,532 and P370,162,112, respectively.

As of December 31, 2025, the Company made prior period adjustments due to omission from and misstatements in the Company's financial statements for one or more periods arising from a failure to use or misuse of reliable information amounting P1,342,917.

26.6 Unrealized Gain from Valuation of AFS Financial Assets

The revaluation reserve for AFS financial assets comprises gains and losses arising from the revaluation of available-for-sale financial assets. As of December 31, 2025 and 2024, total unrealized gain from valuation of AFS financial assets amounted to P2,396,256 and P1,977,799, respectively.

26.7 Capital Management, Objectives and Policies

The primary objectives of the Company for capital management are to ensure its ability to continue as a going concern; to maintain quality ratios especially liquidity; and to ensure compliance with IC regulations.

The President is responsible for managing the Company's capital structure and makes the necessary adjustments to address the risks and adapt to changes in economic conditions and regulatory requirements.

The Company regards the following items as the capital it manages as of December 31, 2025 and 2024:

	2 0 2 5	2 0 2 4
Share capital	484,549,900	484,549,900
Additional paid-in capital	5,490,883	5,490,883
Contributed surplus	579,091,784	579,091,784
Retained earnings	398,804,532	370,162,112
Unrealized gain in market value of AFS investments	2,396,256	1,977,799
Total	1,470,333,355	1,441,272,478

Margin of Solvency
Under existing insurance regulations, the Company is required to maintain a minimum paid-up capital of P1 billion as of December 31, 2024. The Company is also required to maintain at all times a margin of solvency equal to P500,000 or 10% of the total amount of its net premiums written during the preceding year, whichever is higher.

The margin of solvency is the excess of the value of a Company's admitted assets as defined under existing insurance regulations, exclusives of its paid-up capital, over the amount of its liabilities, unearned premiums and reinsurance reserved in the Philippines.

In accordance with pertinent provisions of the Code, the Company is restricted from declaring dividends on its outstanding capital stock except from profits attested to be remaining on hand after retaining unimpaired its entire paid-up capital stock, the required MOS, unearned premiums and a sum sufficient to pay all net losses reported, or in the course of settlement, and all other liabilities.

The final amount of the margin of solvency can be determined only after the accounts have been examined by IC particularly with respect to the determination of admitted and non-admitted assets.

26.8 Capital Management Framework

The Company's risk management function has developed and implemented certain minimum stress and scenario tests for identifying the risks to which the Company are exposed, quantifying their impact on the volatility of economic capital. The results of these tests, particularly, the anticipated impact on the realistic statement of financial position and comprehensive income account, are reported to the Company's risk management function. The risk management function then considers the aggregate impact of the overall capital requirement revealed by the stress testing to assess how much capital is needed to mitigate the risk of insolvency to a selected remote level.

Capitalization Requirement
On November 29, 2006, the IC issued the Insurance Memorandum Circular No. 10-2006, the purpose of which is to integrate the compliance standards under DO No. 27-06, as issued by the Department of Finance on September 1, 2006 prescribing the fixed capitalization increase and IMC Nos. 6-2006 and 7-2006, prescribing the Risk-Based Capital (RBC) framework for insurers.

On June 1, 2012, the Department of Finance issued D.O. No. 15-2012 for the imposition of higher minimum paid-up capital (PUC) to further supplement D.O. No. 27-06 after December 31, 2012, that any domestic non-life insurance company existing, operating, or otherwise doing business in the Philippines must have a PUC in accordance with the amounts and schedule of compliance provided hereunder:

Compliance Date	Minimum Paid-up Capital
On or before December 31, 2012	Php 250,000,000
(Pursuant to DO 27-06 and IMC No. 10-2006)	
On or before December 31, 2014	Php 400,000,000
On or before December 31, 2016	Php 600,000,000
On or before December 31, 2018	Php 800,000,000
On or before December 31, 2020	Php 1,000,000,000

Pursuant to Chapter III, Title 1, Section 194 of the Republic Act No. 10607, otherwise known as "The Insurance Code", a domestic insurance company already doing business in the Philippines shall have the following net worth:

Minimum Statutory Net Worth	Compliance Date
250 Million	June 30, 2013
550 Million	December 31, 2016
900 Million	December 31, 2019
1.3 Billion	December 31, 2022

As of December 31, 2025, the Company is in compliance with the capital requirement of minimum statutory net worth of P1.3 Billion.

NOTE 27 - UNDERWRITING INCOME

	2025	2024
Direct premiums	286,669,535	289,859,158
Reinsurance premiums assumed	10,047,002	8,128,145
Gross premiums retained	296,716,537	297,987,303
Reinsurance premiums ceded	(38,689,942)	(28,409,194)
Net premiums retained	258,026,595	269,578,109
Decrease (increase) in net reserve for unearned premiums	12,385,197	(18,960,249)
Premiums earned	270,411,792	250,617,860
Commission earned	7,645,195	3,749,139
Other underwriting income	5,913,412	3,060,572
Gross underwriting income	283,970,399	257,427,571

Commission earned refers to fees earned resulting from insurance and/or reinsurance rendered to the clients or insured.

Other underwriting income pertains to income incidental to issuance of policies.

NOTE 28 - OTHER INCOME, NET

This account consists of the following:

	2025	2024
Interest income on government securities (Note 15)	26,419,955	35,753,158
Interest income on bank deposits (Note 7)	2,537,619	738,149
Interest income on corporate bonds (Note15)	1,044,931	2,230,897
Gain on sale of investment property (Note 19)	65,977	-
Gain on sale of property and equipment (Note 18)	57,497	24,487
Dividend income (Note 17)	1,390	33,168
Unrealized gain on foreign exchange	-	26,821
Miscellaneous income	68,830	65,761
Total	30,196,199	38,872,441

Miscellaneous income pertains to petty income earned by the Company not directly attributable to the ordinary course of business.

NOTE 29 - UNDERWRITING EXPENSES

This account consists of the following:

	2025	2024
Commission expense	76,894,775	67,369,496
Losses paid	59,161,115	46,594,935
Marketing expense	21,121,039	24,088,550
Agency expense	8,042,698	15,351,137
Losses adjustment expense	2,988,509	4,906,965
Other underwriting expense	11,283,176	10,323,121
Total	179,491,312	168,634,204

Other underwriting expense consists of petty expenses that are attributable in preparing the documents and executing the policy, such as supplies and notary fees.

NOTE 30 - OPERATING EXPENSES

This account consists of the following:

	2025	2024
Salaries and allowances	44,895,811	36,855,760
Transportation and travel	8,961,930	11,230,256
Employee benefits	7,724,732	13,526,448
Professional fees	6,948,191	2,950,518
Retirement fund expense	6,581,312	7,650,465
Rent (Note 31)	5,902,129	6,525,018
SSS, Philhealth and ECC contribution expense	4,186,792	3,613,879
Communication and postage	3,823,426	3,444,320
Depreciation (Note 18)	2,575,567	1,838,210
Directors' fees and allowances	2,437,438	1,605,556
Printing, stationery and supplies	2,219,779	2,202,312
Representation and entertainment	2,103,628	1,866,245
Light and water	1,749,558	1,515,485
Repairs and maintenance	1,186,642	1,211,067
Taxes and licenses (Note 33)	1,154,285	1,321,588
Donation and contribution	846,973	376,882
Association and pool dues	838,828	733,860
Sports and recreation	655,594	474,027
Meal allowance	433,585	541,336
Salvage recovery expense	402,420	132,607
Fines and penalties	253,500	262,000
Advertising and promotions	248,000	293,700
Insurance expense	196,192	166,429
Periodicals and subscriptions	189,625	155,571
Recruitment expense	47,000	51,809
Miscellaneous expense	-	227
Other operating expense	812,846	950,607
Total	107,375,783	101,496,182

Other operating expenses consist of petty expenses that are attributable in an ordinary business operation of the Company.

NOTE 31 - LEASE

The Company has lease agreement, which is terminated upon 30 days written notice by either party to the other or may be extended upon mutual agreement with the Country Bankers Life Insurance Corporation, the lessor. Monthly rental amounted to P247,988 and is payable on or before 5th day of each month without need of demand. Total rental payments amounted to P5,902,129 and P6,525,018 for the years ended December 31, 2025 and 2024, respectively (Note 30).

The future minimum lease payment is as follows:

Period	Amount
Due in one month	247,988
Due in six months	1,487,928
Due in one year	2,975,856
Due in five years	14,879,280

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

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

NOTE 32 - INCOME TAXATION

The Company's income tax is computed as follows:

REGULAR CORPORATE INCOME TAX (RCIT) – 25%	2 0 2 5	2 0 2 4
Income before tax	27,299,503	26,169,626
Add: Non-deductible expense		
Fines and penalties	253,500	262,000
Donations and contributions	846,973	376,882
Less: Income already subjected to tax		
Interest income on government securities	26,419,955	35,753,158
Interest income on deposits	2,251,104	569,053
Interest income on corporate bond	1,044,931	2,230,897
Interest income on bank deposits	286,515	169,096
Dividend income	1,390	33,168
Unrealized gain on foreign exchange	-	26,821
Taxable income (loss)	(1,603,919)	(11,973,685)
RCIT rate	25%	25%
Provision for income tax	- N I L -	- N I L -

MINIMUM CORPORATE INCOME TAX (MCIT) – 2%	2 0 2 5	2 0 2 4
Gross revenues	283,970,399	257,427,571
Less: Direct costs	179,491,312	168,634,204
Gross income subject to MCIT	104,479,087	88,793,367
MCIT rate	2%	2%
Minimum corporate income tax	2,089,582	1,775,867

DEFERRED MCIT	2 0 2 5	2 0 2 4
Incurred in 2025, carry-forward benefit up to 2028	2,089,582	-
Incurred in 2024, carry-forward benefit up to 2027	1,775,867	1,775,867
Total	3,865,449	1,775,867

CREDITABLE INCOME TAX	2 0 2 5	2 0 2 4
Income tax due (higher between RCIT and MCIT)	2,089,582	1,775,867
Less: Prior year's excess credits	1,059,782	1,903,421
Current year tax credit – 1st to 3rd quarter	941,387	932,228
Quarter tax payments	483,761	-
Creditable income tax	(395,348)	(1,059,782)

NET OPERATING LOSS CARRY-OVER (NOLCO)	2 0 2 5	2 0 2 4
Incurred in 2025, carry-forward benefit up to 2028	1,603,919	-
Incurred in 2024, carry-forward benefit up to 2027	11,973,685	11,973,685
Total	13,577,604	11,973,685

*Five (5) year period of entitlement to deduct net operating loss incurred for taxable years 2020 and 2021 in compliance with Section 4 (bbbb) of Republic Act (R.A.) No. 11494, otherwise known as “Bayanihan to Recover as One Act” which states that:

“(bbbb) Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss; Provided, that this subsection shall remain in effect even after expiration of this act.

NOTE 33 - SUPPLEMENTAL INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to the financial statements. This supplementary information is not a required disclosure under PFRS.

33.1 Requirements under Revenue Regulations No. 15-2010

In compliance with BIR Revenue Regulations No. 15-2010 (amending certain provision of Sec. 2 of RR No. 21-2002), which requires addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and convention, the Notes to the Financial Statements shall include information on taxes, duties and license fees paid or accrued during the taxable year, particularly on the following which is applicable to the Company:

Value-Added Tax

The Company is a VAT-registered entity with VAT transaction presented as follows:

Vatable receipts	309,965,155
VAT rate	12%
Output VAT	37,195,819
Less:	
Vat payments	23,154,512
Input VAT on purchases	9,573,768
VAT payable	4,467,539

Taxes on Importation

The Company did not have any importation during the year.

Excise Tax

The Company did not have any transaction which is subject to excise tax during the year.

Documentary Stamp Tax

The Company accrued documentary stamp tax arising on the issuance of premiums amounting to P2,300,000.

Taxes and Licenses

The details of taxes and licenses account are as follows:

National	
BIR certification fee	473,640
Supervision fee – insurance commission	193,100
Securities and exchange commission	144,000
Underwriter license fee	78,780
Supreme court clearance/accreditation	35,743
LTO registration	23,633
PEZA accreditation	2,020
Sub-total	950,916

Local	
Business permits	76,590
LRA documents	64,871
Real property tax	55,908
Maintenance fee – ROSS	6,000
Sub-total	203,369
Total	1,154,285

Withholding Taxes
The Company paid and accrued withholding taxes during the year as follow:

	Paid	Accrued
Withholding tax – expanded	3,554,097	363,476
Withholding tax – compensation	2,291,614	202,140
Total	5,845,711	565,616

Deficiency Tax Assessments and Tax Cases
As of the year ended December 31, 2025, the Company has no other final deficiency tax assessments from the BIR nor does it have any tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

33.2 Requirements under Revenue Regulations No. 19-2011

Revenue Regulations No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and/or services, itemized deductions and other significant tax information, to be disclosed in the notes to the financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2025 statements of comprehensive income, which is based on PFRS.

Taxable Revenue
The Company had taxable revenue for the year ended December 31, 2025 amounting to P283,970,399 arising from underwriting income.

Deductible Cost of Services
Deductible costs of services under the regular tax regime for the year ended December 31, 2025 comprise the following:

Commission expense	76,894,775
Losses paid	59,161,115
Marketing expense	21,121,039
Agency expense	8,042,698
Losses adjustment expense	2,988,509
Other underwriting expense	11,283,176
Total	179,491,312

Taxable Other Income
The Company has other income subject to regular income tax rate amounting to P192,304.

Itemized Deductions
The amounts of itemized deductions under the regular tax regime for the year ended December 31, 2025 follow:

Salaries and allowances	44,895,811
Transportation and travel	8,961,930
Employee benefits	7,724,732
Professional fees	6,948,191
Retirement fund expense	6,581,312
Rent	5,902,129
SSS, Philhealth and ECC contribution expense	4,186,792
Communication and postage	3,823,426
Depreciation	2,575,567
Directors' fees and allowances	2,437,438
Printing, stationery and supplies	2,219,779
Representation and entertainment	2,103,628
Light and water	1,749,558
Repairs and maintenance	1,186,642
Taxes and licenses	1,154,285
Association and pool dues	838,828
Sports and recreation	655,594
Meal allowance	433,585
Salvage recovery expense	402,420
Advertising and promotions	248,000
Insurance expense	196,192
Periodicals and subscriptions	189,625
Recruitment expense	47,000
Other operating expense	812,846
Total	106,275,310

33.3 Requirements under Revenue Regulations No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions provided under RR No. 34-2020.

NOTE 34 - BOOK VALUE PER SHARE

The Company's book value per share is computed as follows:

	2025	2024
Total stockholders' equity	1,470,333,355	1,441,272,478
Divided by: Average outstanding common stocks	4,845,499	4,845,499
Book value per share	P303	P297

NOTE 35 - EARNINGS PER SHARE

The Company's earnings per share is computed as follows:

	2 0 2 5	2 0 2 4
Income for the year	27,299,503	26,169,626
Divided by: Average outstanding common stocks	4,845,499	4,845,499
Earnings per share	P6	P5

NOTE 36 - RETIREMENT BENEFITS

The Company has a funded, noncontributory tax-qualified defined benefit type of retirement plan covering substantially all of its employees. The benefits are generally based on defined contribution formula with minimum lump-sum guarantee ranging from fifty percent (50%) to one hundred fifty percent (150%) of plan salary per year of service.

Actuarial valuations are made at least every one (1) to two (2) years. The Company's annual contribution to the defined benefit plan consist principally of payments covering the current service cost for the year and the required funding relative to the guaranteed minimum benefits as applicable.

Retirement recognized as expense amounting to 6,581,312 and P7,650,465 for the years ended December 31, 2025 and 2024, respectively (Note 30).

The Company's actuarial valuation as of December 31, 2012 indicates a Defined Benefit Obligation of P20,103,027; Fair Value of Plan Assets of P24,447,071; and Unrecognized Actuarial Gain of P3,382,069 resulting in an asset of P991,975. No actuarial valuation as of December 31, 2025.

NOTE 37 - RELATED PARTY TRANSACTION

In the ordinary course of business, the Company entered into a lease agreement with Country Bankers Life Insurance Corporation (CBLIC) as a lessee. The statements of comprehensive income include the following amounts resulting from the above transaction with related party.

	2 0 2 5	2 0 2 4
Rent expense	5,902,129	6,525,018

NOTE 38 - EVENTS AFTER THE REPORTING PERIOD

An entity shall adjust the amounts recognized in its financial statements to reflect adjusting events after the reporting period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period. If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions of users taken on the basis of financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

a) the nature of the event; and
b) an estimate of its financial effect or a statement that such an estimate cannot be made.

The Company has evaluated subsequent events through March 19, 2026, which is the date the financial statements were available to be issued.

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**	**Annual Income Tax Return** **For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate** *Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.*	1702-RT 01/18ENCS P1

1 For (•) Calendar ( ) Fiscal **2** Year Ended (MM/20YY) 12/2025	**3** Amended Return? ( ) Yes (•) No	**4** Short Period Return? ( ) Yes (•) No	**5** Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) [X]

Part I - Background Information

6 Taxpayer Identification Number (TIN)	000 - 840 - 873 - 000
7 RDO Code	034
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	COUNTRY BANKERS INSURANCE CORPORATION
9A Registered Address *(Indicate complete registered address)*	648 T M KALAW AVE BRGY 666 ZONE 72 DISTRICT V MANILA
9B Zipcode	1000
10 Date of Incorporation/Organization (MM/DD/YYYY)	10/12/1960
11 Contact Number	501886
12 Email Address	cbic@countrybankers.com
13 Method of Deductions	(•) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		2,089,582
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		2,484,930
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(395,348)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(395,348)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (•) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

Signature over printed name of President/Principal Officer/Authorized Representative		Signature over printed name of Treasurer/Assistant Treasurer		**22** Number of Attachments
Title of Signatory	TIN	Title of Signatory	TIN	4

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*	*Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)*

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 840 - 873 - 000	COUNTRY BANKERS INSURANCE CORPORATION

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees	283,970,399
28 Less: Sales Returns, Allowances and Discounts	0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*	283,970,399
30 Less: Cost of Sales/Services	179,491,312
31 Gross Income from Operation *(Item 29 Less Item 30)*	104,479,087
32 Add: Other Taxable Income Not Subjected to Final Tax	192,304
33 Total Taxable Income *(Sum of Items 31 and 32)*	104,671,391

Less: Deductions Allowable under Existing Law

34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	106,275,310
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0
37 Total Deductions *(Sum of Items 34 to 36)*	106,275,310
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*	
38 Optional Standard Deduction *(40% of Item 33)*	0

39 Net Taxable Income/(Loss) *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*	(1,603,919)
40 Applicable Income Tax Rate	25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*	0
42 MCIT Due *(2% of Item 33)*	2,089,582
43 Tax Due *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*	2,089,582

Less: Tax Credits/Payments (attach proof)

44 Prior Year's Excess Credits Other Than MCIT	1,059,782
45 Income Tax Payment under MCIT from Previous Quarter/s	483,761
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s	0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*	0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	340,847
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	600,540
50 Foreign Tax Credits, if applicable	0
51 Tax Paid in Return Previously Filed, if this is an Amended Return	0
52 Special Tax Credits *(To Part V Item 58)*	0
Other Credits/Payments *(Specify)*	
53	0
54	0

55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*	2,484,930
56 Net Tax Payable / (Overpayment) *(Item 43 Less Item 55)) (To Part II Item 16)*	(395,348)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 Total Tax Relief Availment *(Sum of Items 57 and 58)*	0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 3**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 840 - 873 - 000	COUNTRY BANKERS INSURANCE CORPORATION

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	2,575,567
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	5,902,129
12 Research and Development	0
13 Salaries, Wages and Allowances	44,895,811
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	4,186,792
15 Taxes and Licenses	1,154,285
16 Transportation and Travel	8,961,930
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	6,948,191
c Security Services	0
d EMPLOYEE BENEFITS	7,724,732
e RETIREMENT FUND	6,581,312
f COMMUNICATION AND POSTAGE	3,823,426
g PRINTING AND STATIONARY SUPPLIES	2,219,779
h REPRESENTATION AND ENTERTAINMENT	2,103,628
i OTHERS	9,197,728
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	106,275,310

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*			0

BIR Form No. **1702-RT** January 2018(ENCS) **Page 4**	**Annual Income Tax Return** **Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate**	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 840 - 873 - 000	COUNTRY BANKERS INSURANCE CORPORATION

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	104,671,391
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	106,275,310
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(1,603,919)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

	Net Operating Loss		B) NOLCO Applied Previous Year
	Year Incurred	A) Amount	
4	2025	1,603,919	0
5	2024	11,973,685	0
6		0	0
7		0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	1,603,919
5	0	0	11,973,685
6	0	0	0
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

	Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	2024	0	1,775,867	1,775,867
2		0	0	0
3		0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	1,775,867
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	27,299,503
Add: Non-deductible Expenses/Taxable Other Income	
2 FINES AND PENALTIES	253,500
3 DONATION AND CONTRIBUTION	846,973
4 Total *(Sum of Items 1 to 3)*	28,399,976
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME ON GOVERNMENT SECURITIES	26,419,955
6 OTHERS	3,583,940
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	30,003,895
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(1,603,919)

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-840-873-000
Name	: COUNTRY BANKERS INSURANCE CORPORATION
RDO	: 034
Form Type	: 1702
Reference No.	: 462600071999247
Amount Payable (Over Remittance)	: -395,348.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/13/2026
Tax Type	: IT

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Ma. Rosario De Dios

From:	eafs@bir.gov.ph
Sent:	Tuesday, April 14, 2026 9:11 AM
To:	ACCOUNTING@COUNTRYBANKERS.COM
Cc:	DON_RAMOSJR@YAHOO.COM
Subject:	Your BIR AFS eSubmission uploads were received

Hi COUNTRY BANKERS INSURANCE CORPORATION,

Valid files

- EAFS000840873AFSTY122025.pdf
- EAFS000840873ITRTY122025.pdf

Invalid file

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Transaction Code: **AFS-0-66BBC766096HA9D6HNN4SSWYT02M11SMY2**
Submission Date/Time: **Apr 14, 2026 09:10 AM**
Company TIN: **000-840-873**

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SEC Registration No.: 0000017626
Company Name: country bankers insurance corporation
Industry Classification: J68200
Company Type: Stock Corporation

Document Information

Document ID: OST105122026811357521
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: Annual
Remarks: None

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