

PETROGEN INSURANCE CORPORATION

FINANCIAL STATEMENTS
December 31, 2025 and 2024

With Independent Auditors' Report

R.G. Manabat & Co.



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Petrogen Insurance Corporation
San Miguel Properties Centre,
7 St. Francis Street, Mandaluyong City

Opinion

We have audited the financial statements of Petrogen Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, comprising material accounting policies and other explanatory information.

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

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 until the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025, and Certificate of Accreditation issued on March 19, 2026, valid for five (5) years covering the audit of 2026 to 2030 financial statements

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

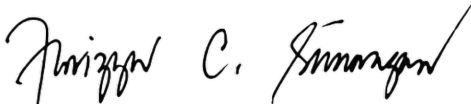
As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

R.G. MANABAT & CO.



FLORIZZA C. SIMANGAN

Partner

CPA License No. 0147917

IC Accreditation No. 147917-IC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

SEC Accreditation No. 147917-SEC, Group A, valid for five (5) years
covering the audit of 2021 to 2025 financial statements

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PTR No. MKT 10764414

Issued January 5, 2026 at Makati City

April 27, 2026

Makati City, Metro Manila

PETROGEN INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

December 31			
	Note	2025	2024
ASSETS			
Cash and cash equivalents	5, 6, 25	P5,076,767,482	P4,987,453,535
Insurance receivables	5, 7, 25	1,099,353,710	1,379,144,574
Financial instruments at fair value through other comprehensive income	5, 8, 22, 25	700,290,217	669,326,528
Financial instruments carried at amortized cost	5, 8, 25	705,058,485	679,680,146
Deferred reinsurance premiums	9, 25	1,421,402,984	1,100,358,703
Property and equipment - net	10, 25	20,038,740	16,962,503
Deferred tax assets	21, 25	33,983,816	52,656,252
Other assets	5, 11, 25	46,233,311	59,213,031
		P9,103,128,745	P8,944,795,272
LIABILITIES AND EQUITY			
Liabilities			
Insurance liabilities	12, 25	P2,614,942,056	P2,713,666,052
Due to reinsurers - net	5, 13, 25	1,438,923,568	1,408,167,985
Accrued expenses and other liabilities	5, 14, 25	182,437,487	204,289,509
Deferred reinsurance commission	15, 25	9,918,521	10,518,487
		4,246,221,632	4,336,642,033
Equity			
Capital stock	16	1,994,975,000	1,994,975,000
Additional paid-in capital	16	1,490,077,270	1,490,077,270
Contributed surplus	16	25,000,000	25,000,000
Remeasurement of investments in debt securities - net of deferred tax	8	217,663	(23,005,104)
Retained earnings	16	1,346,637,180	1,121,106,073
		4,856,907,113	4,608,153,239
		P9,103,128,745	P8,944,795,272

See Notes to the Financial Statements.

PETROGEN INSURANCE CORPORATION
STATEMENTS OF INCOME

Years Ended December 31			
	Note	2025	2024
UNDERWRITING INCOME			
Gross premiums written	12, 17	P3,543,993,578	P2,902,507,507
Premiums ceded	9, 17	(2,780,433,440)	(2,169,493,352)
Net premiums retained		763,560,138	733,014,155
Increase in reserve for unearned premiums - net of change in deferred reinsurance premiums		(19,092,094)	(84,956,444)
Net premiums earned	17	744,468,044	648,057,711
Reinsurance commission	15	22,189,498	13,940,931
GROSS UNDERWRITING INCOME		766,657,542	661,998,642
UNDERWRITING EXPENSE - Net	12	(120,979,152)	(329,977,589)
NET UNDERWRITING INCOME		645,678,390	332,021,053
INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD	18	313,634,462	333,392,285
OTHER LOSS	19	(33,970,911)	(24,571,586)
OTHER INCOME		1,720,460	5,989,064
INCOME AFTER INTEREST AND OTHER INCOME		927,062,401	646,830,816
GENERAL AND ADMINISTRATIVE EXPENSES	20	(99,104,152)	(103,763,531)
INCOME BEFORE INCOME TAX		827,958,249	543,067,285
INCOME TAX EXPENSE	21	(152,427,142)	(103,415,212)
NET INCOME		P675,531,107	P439,652,073

See Notes to the Financial Statements.

PETROGEN INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	<i>Note</i>	2025	2024
NET INCOME		P675,531,107	P439,652,073
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to profit or loss			
Net change in fair value of investments in debt securities - net of deferred tax	8	23,222,767	1,185,924
TOTAL COMPREHENSIVE INCOME		P698,753,874	P440,837,997

See Notes to the Financial Statements.

PETROGEN INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31

	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Contributed Surplus (Note 16)	Remeasurement Of Investments in Debt Securities- net of deferred tax (Note 8)	Retained Earnings (Note 16)	Total Equity
Balance at January 1, 2025	P1,994,975,000	P1,490,077,270	P25,000,000	(P23,005,104)	P1,121,106,073	P4,608,153,239
Total Comprehensive Income						
Net income	-	-	-	-	675,531,107	675,531,107
Other comprehensive income	-	-	-	23,222,767	-	23,222,767
	-	-	-	23,222,767	675,531,107	698,753,874
Total transactions with the Owners of the Company						
Cash dividends	-	-	-	-	(450,000,000)	(450,000,000)
Balance at December 31, 2025	P1,994,975,000	P1,490,077,270	P25,000,000	P217,663	P1,346,637,180	P4,856,907,113
Balance at January 1, 2024	P1,994,975,000	P1,490,077,270	P25,000,000	(P24,191,028)	P1,111,454,000	P4,597,315,242
Total Comprehensive Income						
Net income	-	-	-	-	439,652,073	439,652,073
Other comprehensive income	-	-	-	1,185,924	-	1,185,924
	-	-	-	1,185,924	439,652,073	440,837,997
Total transactions with the Owners of the Company						
Cash dividends	-	-	-	-	(430,000,000)	(430,000,000)
Balance at December 31, 2024	P1,994,975,000	P1,490,077,270	P25,000,000	(P23,005,104)	P1,121,106,073	P4,608,153,239

See Notes to the Financial Statements.

PETROGEN INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P827,958,249	P543,067,285
Adjustments for:			
Interest income	18	(313,634,462)	(333,392,285)
Unrealized foreign exchange loss - net	19	19,158,280	11,069,565
Increase in reserve for unearned premiums - net of change in deferred reinsurance premiums		19,092,094	84,956,444
Depreciation	10	6,826,394	6,973,672
Increase (decrease) in deferred reinsurance commission	15	(599,966)	7,817,945
Other income	19	(1,720,460)	(5,989,064)
Operating income before working capital changes		557,080,129	314,503,562
Changes in operating assets and liabilities			
Decrease (increase) in:			
Insurance receivables		282,339,908	(491,184,570)
Other assets		14,977,890	2,036,242
Increase (decrease) in:			
Claims and losses payable		(433,908,792)	500,085,212
Due to reinsurers - net		5,099,752	797,167,003
Accrued expenses and other liabilities		(21,852,022)	56,308,150
Cash generated from operations		403,736,865	1,178,915,599
Income taxes paid		(141,495,628)	(115,553,141)
Net cash provided by operating activities		262,241,237	1,063,362,458
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments in debt securities at amortized cost	8	(695,659,743)	(665,960,425)
Proceeds from maturity of investments in debt securities at amortized cost	8	683,164,300	659,174,411
Interest received		298,753,396	319,508,838
Acquisition of property and equipment	10	(9,902,631)	(1,243,947)
Net cash provided by investing activities		276,355,322	311,478,877
CASH FLOW FROM A FINANCING ACTIVITY			
Dividends paid	16	(450,000,000)	(430,000,000)
Net cash used in financing activity		(450,000,000)	(430,000,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		88,596,559	944,841,335
NET EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		717,388	(104,868)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		4,987,453,535	4,042,717,068
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	P5,076,767,482	P4,987,453,535

See Notes to the Financial Statements.

PETROGEN INSURANCE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Petrogen Insurance Corporation (the “Company”) was incorporated in the Philippines on August 23, 1996. The Company is presently engaged in the business and operation of all kinds of insurance and reinsurance, on sea as well as on land, of properties, goods and merchandise, of transportation or conveyance, against fire, earthquake, marine perils, accidents and all other forms and lines of insurance authorized by law, except life insurance.

The Company has a corporate life of 50 years pursuant to its articles of incorporation. However, under the Revised Corporation Code of the Philippines, the Company shall have a perpetual corporate life.

As at December 31, 2025, the Company is 74.94% and 25.06% owned by SMC and Petron, respectively, both incorporated and domiciled in the Philippines and whose shares are listed in the Philippine Stock Exchange.

The Company’s ultimate parent is Top Frontier Investments Holdings, Inc.

The Company has Certificate of Authority No. 2025/74-R issued by the Insurance Commission (IC) to transact in a non-life insurance business until December 31, 2027.

The Company’s principal and registered office address is at San Miguel Properties Centre 7 St. Francis Street, Mandaluyong City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRSs) Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards consists of PFRSs, Philippine Accounting Standards (PASs) and Philippine Interpretations issued by the Financial and Sustainability Reporting Standards Council (FSRSC).

The accompanying financial statements of the Company as at and for the year ended December 31, 2025 were authorized for issue by the Board of Directors (BOD) on March 25, 2026.

Basis of Measurement

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets classified as investments in debt securities at fair value through other comprehensive income (FVOCI), which is stated at fair value.

Functional and Presentation Currency

The financial statements are presented in Philippine peso (P), which is the Company’s functional currency. All financial information is rounded off to the nearest peso, except when otherwise indicated.

Presentation of Financial Statements

The Company presents its statements of financial position in a manner that the presentation provides information that is reliable and relevant. An analysis regarding recovery or settlement within 12 months after reporting date (current) and more than 12 months after reporting date (non-current) is presented in Note 25.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in the financial statements, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2025 and, accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

- *Lack of Exchangeability (Amendments to PAS 21 The Effects of Changes in Foreign Exchange Rates)*. The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

When a currency is not exchangeable, an entity needs to estimate a spot rate. The objective in estimating the spot rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments do not specify how to estimate the spot exchange rate to meet the objective and an entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments require new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements, including the nature and financial impacts of the currency not being exchangeable, the spot exchange rate used, the estimation process, and risks to the entity because the currency is not exchangeable.

Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

The adoption of the amendments to standards did not have a material effect on the Company's financial statements.

New and Amendments to Standards Not Yet Adopted

A number of new and amendments to standards are effective for annual reporting periods beginning after January 1, 2025, and have not been applied in preparing the Company's financial statements. Unless otherwise indicated, none of these are expected to have a significant effect on the Company's financial statements.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

- a financial asset or financial liability is recognized on the date on which the entity becomes party to the contractual provisions of the instrument unless the regular way exemption applies;
- a financial asset is derecognized on the date on which the contractual rights to cash flows expire or the asset is transferred; and
- a financial liability is derecognized on the settlement date, which is the date on which the liability is extinguished because the obligation specified in the contract is discharged or cancelled or expires or the liability otherwise qualifies for derecognition.

However, the amendments provide an exception for the derecognition of financial liabilities where an entity may choose to derecognize a financial liability that is settled using an electronic payment system before the settlement date if, and only if, the entity has initiated the payment instruction that resulted in:

- the entity having no practical ability to withdraw, stop or cancel the payment instruction;
- the entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.

Entities may choose to apply the exception on a system-by-system basis.

Classification of Financial Assets. The amendments related to classification of financial assets introduces an additional test to assess whether the solely payments of principal and interest (SPPI) criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The amendments clarified that when a contingent feature gives rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs, the financial asset has contractual cash flows that are SPPI if, and only if, in all contractually possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

Additional disclosures are required for all financial assets and financial liabilities that have certain contingent features that are not related directly to a change in basic lending risks or costs and are not measured at fair value through profit or loss.

Contractually Linked Instruments and Non-recourse Features. The amendments clarify the key characteristics of contractually linked instruments (CLIs) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test). For example, it clarifies that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets; that CLIs have non-recourse features, but not all financial assets with non-recourse features are CLIs; and that the underlying pool of instruments of CLIs may include financial assets outside the scope of IFRS 9.

Disclosures on Investments in Equity Instruments. The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI). The entity discloses for each class of investment the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognized during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period. It also discloses any transfers of the cumulative gain or loss within equity during the reporting period related to investments derecognized during that reporting period.

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Annual Improvements to PFRS Accounting Standards - Volume 11.* This cycle of improvements contains amendments to five (5) standards and only four (4) is relevant to the Company.
 - *Gain or Loss on Derecognition (Amendments to PFRS 7).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.
 - *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7).* The amendments:

- clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13; and
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
- *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9)*. The amendments:
- added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in IFRS 15, *Revenue from Contracts with Customers*)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
- *Cost Method (Amendments to PAS 7 Statement of Cash Flows)*. The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- PFRS 17 *Insurance Contracts* replaces the interim standard, PFRS 4, *Insurance Contracts*. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:
- (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;
 - (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

- (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

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

Simplifications or modifications to the general measurement model apply to groups of insurance contracts measured using the 'premium allocation approach', investment contracts with discretionary participation features, and reinsurance contracts held.

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

PFRS 17 is effective for annual periods beginning on or after January 1, 2027. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach.

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

On February 14, 2025, the FSRSC further deferred the date of initial application by two years, making PFRS 17 effective for annual reporting periods beginning on or after January 1, 2027, with comparative figures required. Early adoption is permitted. The Insurance Commission issued CL No. 2025-04, aligning with this deferral.

As of date, the Company remains on track with its implementation process and is expected to fully adopt PFRS 17 by the year 2027. Moreover, the actual impact of applying PFRS 17 on the financial statements, including the impact on the Company's net worth during the period of initial application, is not known and cannot be reasonably estimated as it will depend on future economic conditions as well as accounting elections and judgments that the Company will make in the future.

- PFRS 18, *Presentation and Disclosure in Financial Statements*, will replace PAS 1 *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information
 - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
 - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

PFRS 18 also now requires goodwill to be presented as a line item in the statement of financial position.

Consequential amendments to PAS 7 *Statement of Cash Flows* require the use of the operating profit or loss subtotal as the starting point when presenting operating cash flows under the indirect method and eliminate the options for classifying interest and dividend cash flows.

PFRS 18 also amends PAS 33 *Earnings per Share* to permit companies to disclose additional amounts per share using as numerator a required income and expenses total or subtotal, a common subtotal listed in PFRS 18 or an MPM disclosed by the entity.

PFRS 18 applies for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. It applies retrospectively in accordance with PAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. Specific reconciliations are required to be disclosed. Eligible entities including venture capital organizations, mutual funds and some insurers will be allowed to change their election for measuring investments in associates and joint ventures from equity method to fair value through profit or loss.

The Company is currently assessing the impact of the adoption of PFRS 18 on its financial statements. At this stage, the financial impact of the standard has not yet been fully determined; however, it is expected to have a material effect on the presentation and disclosures in the financial statements.

The Company continues to assess the impact of the above new and amendment to standards effective subsequent to 2025 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Financial Assets and Financial Liabilities

Date of Recognition

Financial instruments are recognized in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at fair value through profit or loss (FVPL), includes transaction costs.

Classification and Subsequent Measurement

Financial Assets

The Company classifies its financial assets, at initial recognition, in the following categories: financial assets at amortized cost, financial assets at FVOCI and financial assets at FVPL. The classification depends on the business model of the Company for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future salary activity.

Cash Flow Characteristics - Solely Payments of Principal and Interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basis lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet these conditions. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g., non-recourse features).

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI with or without recycling of cumulative gains and losses and financial assets at FVPL.

As at December 31, 2025 and 2024, the Company has financial assets classified at amortized cost and FVOCI.

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

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate (EIR). Gains and losses are recognized in profit or loss when the financial asset is derecognized, modified, or impaired.

Included in this category are: (a) cash in banks and cash equivalents; (b) insurance receivables, which arise primarily from premiums receivable, and reinsurance recoverable on paid losses; (c) investments in debt securities at amortized cost; (d) interest receivables, due from related party, and security deposit under "Other assets" account; and (e) due from reinsurers, net of allowance for impairment losses, under "Due to reinsurers - net" account (Notes 6, 7, 8, 11 and 13).

Financial Assets at FVOCI. Investment in debt securities is measured at FVOCI if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the fair value in OCI. This election is made on an instrument-by-instrument basis.

Financial assets at FVOCI are subsequently measured at fair value. Changes in fair value are reported as remeasurement of investment in debt securities as part of OCI. Cumulative net change in the fair value of debt securities measured at FVOCI is presented as "Remeasurement of investments in debt securities - net of deferred tax" under equity section of the statements of financial position. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment on investment in debt securities are recognized in profit or loss. When investment in debt securities at FVOCI is derecognized the related accumulated gains or losses previously reported in the statements of changes in equity are transferred to and recognized in profit or loss.

The Company's investments in debt securities at FVOCI are classified under this category (Note 8).

Impairment of Financial Assets

The Company recognizes allowance for impairment losses on its financial assets at amortized cost and investments in debt securities at FVOCI.

Expected credit losses (ECLs) are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive), discounted at the EIR of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Company recognizes an allowance for impairment based on either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company recognizes lifetime ECL for receivables that do not contain significant financing component. The Company uses provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the restructuring of a financial asset by the Company on terms that the Company would not consider otherwise;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

Financial assets are written off when identified to be worthless after exhausting all collection efforts.

Financial Liabilities

The Company classifies its financial liabilities at initial recognition into the following categories: financial liabilities at FVPL and other liabilities. The Company determines the classification of its financial liabilities at initial recognition, and were allowed and appropriate, re-evaluates such designation at every reporting date. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

As at December 31, 2025 and 2024, the Company only has financial liabilities classified as other liabilities.

Other Financial Liabilities

This category pertains to financial liabilities that are not designated or classified at FVPL.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered integral part of the EIR of the liability.

Included in this category are: (1) claims and losses payable presented as part of "Insurance liabilities" account; (2) due to reinsurers (gross of due from reinsurers); and (3) accrued expenses and other liabilities (excluding payable to regulatory agencies and deferred credits) (Notes 12, 13, and 14).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

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

- the contractual rights to receive cash flows from the asset have 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 asset and either has:
 - (a) transferred substantially all the risks and rewards of the asset; or
 - (b) neither transferred nor retained substantially the risks and rewards of the financial asset but has transferred the control of the financial asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a “pass-through” arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset but transferred control of the asset, the Company continues to recognize the asset to the extent of the Company’s continuing involvement. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Whereas 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 as exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Fair Value Hierarchy

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization at the end of each reporting period.

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

Insurance Contracts

Insurance contract is an agreement whereby one party called the insurer undertakes, for a consideration paid by the other party called the insured, promises to pay money, or its equivalent or to do some act valuable to the latter, upon happening of a loss, liability or disability arising from an unknown or contingent event.

Insurance Contract Receivables and Payables

Insurance contract receivables and payables are recognized when contracts are entered into and premiums are charged. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable and recognizes that impairment loss in profit or loss.

Claims and Losses Payable

Liabilities for unpaid claims and losses and claim adjustment expenses relating to insurance contracts are accrued when insured events occur. The liability is derecognized when the contract is discharged or cancelled.

The liabilities for claims are based on the estimated ultimate cost of settling the claims. The method of determining the expected ultimate cost of claims reported at reporting date are continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and difference between estimates and payments for claims are recognized as income or expense in 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 claims are recognized in profit or loss in the period the recoveries are determined. Recoverable amounts from reinsurers are presented as part of "Insurance receivables" account in the statements of financial position.

Incurred but Not Yet Reported (IBNR) Claims

IBNR is based on the estimated ultimate cost of all claims incurred but not reported at the end of the reporting period. 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. This liability is discounted for the time value of money. The liability is derecognized when the contract is discharged, cancelled or has expired.

Liability Adequacy Test

At each reporting date, liability adequacy test (LAT) is performed to ensure the adequacy of the insurance liabilities. The test considers current best estimates of future cash flows, claims handling cost and policy administrative expenses. Changes in expected claims that have occurred, but which have not been settled, are reflected by adjusting the liability for claims and future benefits. Any inadequacy arising from the test is immediately charged to profit or loss by establishing an unexpired risk provision for losses.

The Company's insurance contract liabilities are composed of premium liabilities and claims liabilities. Premium liabilities are calculated as the higher of reserve for unearned premiums and the unexpired risk reserve for each line of business. Unexpired risk reserve is an estimate of total liability including expenses, at a designated level of confidence, in respect of the risk after the valuation date of the policies written prior to that date including expenses for policy management and claims settlement costs. If the unexpired risk reserve is higher than the reserve for unearned premiums, the excess is set up as an additional insurance reserve on top of reserve for unearned premiums.

While claims liabilities are composed of claims and losses payable and IBNR, significant accounting policies are disclosed in the preceding section of the notes to the financial statements.

Reinsurance

The Company cedes insurance risk in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies. Amounts due from reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contracts.

Ceded reinsurance arrangements do not relieve the Company from its obligation to the policyholders.

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

Reinsurance assets and liabilities are derecognized when the contractual right is extinguished or expired or when the contract is transferred to another part.

Revenue Recognition

The Company recognizes revenue from contracts with customers when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding amounts collected on behalf of third parties.

The Company's revenue streams arising from insurance contracts fall under PFRS 4 while interest income falls under PFRS 9 and other income under PFRS 15, *Revenue from Contracts with Customers*. The following specific criteria must also be met before revenue is recognized:

Gross Premium Written

Gross premiums written comprise the total premiums for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior periods. Premiums payable for reinsurance contracts are recognized as a contra-income account upon recognition of related premiums and presented as "Premiums ceded" in profit or loss.

Premiums from insurance contracts are recognized as revenue over the period of the contracts using the 24th method. The portion of the premiums written that relates to the unexpired periods of the policies at the reporting date is accounted for as "Reserve for unearned premiums" account and presented under "Insurance liabilities" in the statements of financial position. The related reinsurance premiums ceded that pertains to the unexpired periods at each reporting date is accounted for as "Deferred reinsurance premiums" and shown in the assets section of the statements of financial position. The net changes in these accounts between reporting dates are credited to or charged against income as "Increase or decrease in reserve for unearned premium - net of change in deferred reinsurance premiums" account in the profit or loss.

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

Interest Income Calculated Using the Effective Interest Method

Interest income for all interest-bearing financial instruments is recognized in profit or loss using the effective interest method. Interest income is recognized at gross amount of the tax withheld.

Cost and Expense Recognition

Cost and expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Costs and expenses are recognized when incurred.

Underwriting Expenses

Underwriting expenses consist of benefits and claims incurred during the year and loss adjustments. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered. General insurance claims are recorded on the basis of notifications received.

Foreign Currency Transactions and Translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rates at reporting date; income and expenses are translated using the average rate for the year. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of financial assets at FVOCI, a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognized in OCI.

Taxes

Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits - excess of Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused tax losses - Net Operating Loss Carry Over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward benefits of excess of MCIT over RCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at reporting date, and reflects uncertainty related to income taxes, if there is any.

Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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

Final Tax

Interest income from cash in banks, cash equivalents and debt securities at amortize cost and FVOCI, which is subject to final withholding tax, is presented at gross amounts while taxes paid or withheld are included in 'Income tax expense' account in the profit or loss.

Value-added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

4. Management's Use of Significant Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income, and expenses reported in the financial statements at the reporting date. However, actual results may differ from such judgments and estimates.

Judgments, estimates, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgments, estimates and assumptions are revised and in any future period affected.

Classification of Financial Instruments

The Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Company classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

The classification and fair values of financial assets and financial liabilities are presented in Note 5.

The Company uses its judgment in determining the classification of financial assets based on its business model (Note 3) in which assets are managed and their cash flow characteristics.

The Company determines that the business model for financial assets at amortized cost is held to collect contractual cash flows and meets the solely principal and interest criterion as of December 31, 2025 and 2024. Other financial assets are classified as financial assets at FVOCI based on the characteristics of the contractual cash flows of the instruments.

Determination of Fair Values of Financial Instruments

Where the fair values of financial assets and liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models.

The Company uses judgment to select from a variety of valuation models and makes assumptions regarding considerations of liquidity and model inputs such as correlation and volatility for longer dated financial instruments. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

Estimates and Assumptions

Estimation of Allowance for Impairment of Financial Assets

The Company measures allowance for impairment losses on financial assets at FVOCI and at amortized cost based on the assumptions about risk of default and expected credit loss rates. When estimating the expected credit loss, the Company uses judgments in making these assumptions based on the Company's past experience and historical data, existing market conditions as well as forward looking estimates. An increase in allowance for impairment losses would increase the recorded operating expenses and decrease assets.

As at December 31, 2025 and 2024, the Company assessed that there are no impairment indicators for its financial assets at FVOCI and financial assets at amortized cost (Note 8).

Valuation of Claims and Losses Payable and IBNR

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.

In estimating the ultimate cost of IBNR, the Company adopted the Incurred Chain Ladder Method, the Paid Chain Ladder Method, the Bornhuetter-Ferguson Incurred Approach, and the Bornhuetter-Ferguson Paid Approach, in weighted averages, to predict the future claims settlement.

At each reporting date, prior year claims estimates are assessed for adequacy and changes made are charged to claims and losses payable and IBNR claims.

As at December 31, 2025 and 2024, claims and losses payable and IBNR claims amounted to P0.91 billion and P1.35 billion, respectively (Note 12).

Reasonableness of Insurance Policy Reserves

The LATs are performed to ensure the adequacy of the insurance contract liabilities using the current best estimates of the future contractual cash flows and claims handling and administration expenses.

As at December 31, 2025 and 2024, the Company's reserve for unearned premiums amounting to P1.70 billion and P1.36 billion, respectively, and IBNR of P262.68 million and P365.47 million in 2025 and 2024, respectively, are adequate in using the best estimates assumptions (Note 12).

Realizability of Deferred Tax Assets

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets is based on the projected taxable income in the following periods.

As at December 31, 2025 and 2024, deferred tax assets amounted to P33.98 million and P52.66 million, respectively (Note 21).

5. Insurance and Financial Risks Management Objectives and Policies

Objectives and Policies

The primary objective of the Company's insurance and financial risk management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of the financial performance objectives, including failing to exploit opportunities.

Governance

Key management recognizes the critical importance of having efficient and effective risk management system.

The Company's risk management involves the close cooperation of the Company's BOD in developing objectives, policies and processes on insurance, liquidity, credit and market risks and the Company's management of capital.

Regulatory Framework

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

The risks and the way the Company manages insurance and financial risks are set out below:

Insurance Risk

The major classes of general insurance written by the Company include fire, marine, casualty and motor. Risks under these policies usually cover a twelve-month duration.

The risk under insurance contracts is the possibility of occurrence of an insured event and uncertainty of the amount and timing of resulting claims. The principal risk the Company faces under such contracts is that the actual claims might exceed the carrying amount of insurance liabilities. This could occur due to any of the following:

- *Occurrence Risk* - the possibility that the number of insured events reported in a particular period will differ from those expected.
- *Severity Risk* - the possibility that the cost of the events will differ from those expected.
- *Development Risk* - the possibility that changes may occur in the amount of an insurer's obligation at the end of the contract period.

The variability of risks is improved by diversification of risk of loss to a large portfolio of insurance contracts as a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The variability of risk is also improved by careful selection and implementation of underwriting strategy and guidelines.

The business of the Company comprises short-term non-life insurance contracts. For general insurance contracts, claims are often affected by natural disasters, calamities, etc. These risks currently do not vary significantly in relation to the location of the risk insured by the Company while undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Company has an objective to control and minimize insurance risk, to reduce volatility of operating profits. The Company manages insurance risk through the following mechanisms:

- Reinsurance is used to limit the Company's exposure to large claims by placing risk with reinsurers providing high security; and
- Diversification is accomplished by achieving sufficiently large population of risks to reduce the variability of the expected outcome. The diversification strategy seeks to ensure that underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

The Company limits its exposure to loss within insurance operations through participation in reinsurance arrangements. Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented as part of "Insurance receivables" in the statements of financial position.

The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. Amounts of estimates at the accident year are based from adjusters' report. Other estimates are based on reasonable approximation after an evaluation of reported claims. Adjustment to the loss reserves is made on the year the ultimate cost of claim becomes more certain. Reserves are either decreased or increased depending on the estimates.

The Company's exposure to insurance risk as at December 31 is as follows:

	Note	2025	2024
Claims and losses payable and IBNR	12	P910,622,578	P1,349,482,949
Less: Reinsurance recoverable on unpaid losses and IBNR	7	600,870,325	1,004,475,303
	12	P309,752,253	P345,007,646

The concentration of claims and losses by type of contract is as follows:

	2025		
	Claims and Losses Payable and IBNR	Reinsurance Recoverable on Unpaid Losses and IBNR	Net
	(Note 12)	(Notes 7)	(Note 12)
Fire	P550,823,600	P395,950,250	P154,873,350
Engineering	100,253,502	82,570,229	17,683,273
Marine	206,654,227	106,422,686	100,231,541
Accident	227,500	18,750	208,750
Motor	330,716	13,680	317,036
Others	52,333,033	15,894,730	36,438,303
	P910,622,578	P600,870,325	P309,752,253

	2024		
	Claims and Losses Payable and IBNR	Reinsurance Recoverable on Unpaid Losses and IBNR	Net
	(Note 12)	(Notes 7)	(Note 12)
Fire	P430,639,992	P363,130,039	P67,509,953
Engineering	543,334,612	469,561,342	73,773,270
Marine	216,022,538	111,995,073	104,027,465
Accident	461,250	238,750	222,500
Motor	1,559,785	29,640	1,530,145
Others	157,464,772	59,520,459	97,944,313
	P1,349,482,949	P1,004,475,303	P345,007,646

Key Assumptions

The principal assumptions underlying the estimates made by the Company depends on the past claims experience and industry levels. This includes assumptions in respect to average claims costs, inflation factor and handling cost. Judgment is used to assess the extent to which external factors such as judicial decision and government legislation affect the estimates.

Sensitivity Analysis

The Company's claims provision is sensitive to the previous key assumptions. The sensitivity of certain assumptions such as legislative change, uncertainty in the estimation process, among others is not possible to quantify.

In accordance with the claims development methodology, claims and losses over a period of time on a gross and net reinsurance basis were developed as follows:

Accident Year	2025						
	2020 and Prior Years	2021	2022	2023	2024	2025	Total
Incremental claims settlements:							
At the end of accident year	P2,798,606,647	P1,148,515,450	P404,491,382	P409,226,156	P661,499,885	P338,269,488	P338,269,488
One year later	1,701,462,276	714,390,274	431,759,164	533,161,343	625,325,673	-	625,325,673
Two years later	1,799,338,827	703,625,128	434,661,482	512,608,560	-	-	512,608,560
Three years later	1,787,948,423	709,734,991	228,449,733	-	-	-	228,449,733
Four years later	1,784,234,355	717,449,571	-	-	-	-	717,449,571
Five to ten years later	1,784,230,220	-	-	-	-	-	1,784,230,220
Cumulative claims incurred including IBNR	1,784,230,220	717,449,571	228,449,733	512,608,560	625,325,673	338,269,488	4,206,333,245
Cumulative claims and losses paid	1,676,329,992	708,008,467	228,449,733	304,206,275	330,439,367	48,276,833	3,295,710,667
Claims and losses payable and IBNR	107,900,228	9,441,104	-	208,402,285	294,886,306	289,992,655	910,622,578
Reinsurance recoverable on unpaid losses	-	-	-	242,618,768	225,520,857	132,730,700	600,870,325
Net exposure	P107,900,228	P9,441,104	P -	(P34,216,483)	P69,365,449	P157,261,955	P309,752,253

Accident Year	2024						
	2019 and Prior Years	2020	2021	2022	2023	2024	Total
Incremental claims settlements:							
At the end of accident year	P2,793,867,687	P4,738,960	P1,148,515,450	P404,491,382	P409,226,156	P661,499,885	P661,499,885
One year later	1,696,512,980	4,949,296	714,390,274	431,759,164	533,161,343	-	533,161,343
Two years later	1,794,455,275	4,883,552	703,625,128	434,661,482	-	-	434,661,482
Three years later	1,783,064,871	4,883,552	709,734,991	-	-	-	709,734,991
Four years later	1,780,243,489	3,990,866	-	-	-	-	3,990,866
Five to ten years later	1,780,239,354	-	-	-	-	-	1,780,239,354
Cumulative claims incurred including IBNR	1,780,239,354	3,990,866	709,734,991	434,661,482	533,161,343	661,499,885	4,123,287,921
Cumulative claims and losses paid	1,672,640,370	3,689,622	695,398,993	128,198,672	211,759,058	62,118,257	2,773,804,972
Claims and losses payable and IBNR	107,598,984	301,244	14,335,998	306,462,810	321,402,285	599,381,628	1,349,482,949
Reinsurance recoverable on unpaid losses	-	-	-	300,410,743	288,098,753	415,965,807	1,004,475,303
Net exposure	P107,598,984	P301,244	P14,335,998	P6,052,067	P33,303,532	P183,415,821	P345,007,646

Even though 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 reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations under such reinsurance agreements.

Financial Risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

There has been no change to the Company's exposure to financial risks or the manner in which it manages and measures the risks since the last financial year.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. In effectively managing credit risk, the Company regulates and extends credit only to qualified and credit-worthy related entities and other counterparties, and continuously monitors defaults of its counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

As at December 31, 2025 and 2024, the Company's concentration of credit risk arises from its cash and cash equivalents (except cash on hand) and investments in debt securities amounting to P6.48 billion and P6.34 billion, respectively, which represent 92.61% in 2025 and 94.11% in 2024 of the Company's financial assets (Notes 6 and 8).

The maximum credit risk exposure of the Company's financial assets is as summarized below:

	Note	2025	2024
Cash and cash equivalents	25	P5,076,767,482	P4,987,453,535
Investments in debt securities	8, 25	1,405,348,702	1,349,006,674
Insurance receivables ¹	7, 25	498,483,385	374,669,271
Interest receivable ²	11, 25	14,425,812	12,427,642
Due from reinsurers ³	13, 25	2,640,329	8,247,920
Security deposit ²	11, 25	1,345,260	1,188,403
		P6,998,976,570	P6,732,970,441

¹ Excluding reinsurance recoverable on unpaid losses and reinsurers' share on IBNR

² Included under "Other assets" account

³ Included under "Due to reinsurers - net" account and gross of allowance for impairment loss

The credit risk for cash and cash equivalents and investments in debt securities at FVOCI is considered negligible, since the counterparties are reputable entities which are considered low risk. The credit quality of these financial assets is therefore considered as high grade. For the determination of credit risk, cash and cash equivalents does not include cash on hand amounting to P34,400 and P23,004 as at December 31, 2025 and 2024, respectively.

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

Investment High Grade - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through the public markets and/or credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage. Financial assets classified as investment high grade are either current or past due, and not impaired.

Non-investment Grade - Satisfactory - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations, for individuals into business or for corporate entities. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

The table below presents the Company's exposure to credit risk and shows the credit quality of the financial assets by indicating whether the financial assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

2025					
Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVOCI	Total
Cash and cash equivalents ¹	P5,076,733,082	P -	P -	P -	P5,076,733,082
Insurance receivables ²	498,483,385	-	-	-	498,483,385
Investments in debt securities	600,661,566	104,396,919	-	700,290,217	1,405,348,702
Interest receivable ³	14,425,812	-	-	-	14,425,812
Security deposit ³	1,345,260	-	-	-	1,345,260
Due from reinsurers ⁴	2,640,329	-	-	-	2,640,329
	P6,194,289,434	P104,396,919	P -	P700,290,217	P6,998,976,570

¹ Excluding cash on hand amounting to P34,400.

² Excluding reinsurance recoverable on unpaid losses and IBNR share and gross of allowance for impairment loss

³ Included under "Other assets" account

⁴ Included under "Due to reinsurers - net" account and gross of allowance for impairment loss

2024					
Financial Assets at Amortized Cost					
	12-Month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial Assets at FVOCI	Total
Cash and cash equivalents ¹	P4,987,430,531	P -	P -	P -	P4,987,430,531
Insurance receivables ²	374,669,271	-	-	-	374,669,271
Investments in debt securities	575,678,194	104,001,952	-	669,326,528	1,349,006,674
Interest receivable ³	12,427,642	-	-	-	12,427,642
Security deposit ³	1,188,403	-	-	-	1,188,403
Due from reinsurers ⁴	8,247,920	-	-	-	8,247,920
	P5,959,641,961	P104,001,952	P -	P669,326,528	P6,732,970,441

¹ Excluding cash on hand amounting to P23,004.

² Excluding reinsurance recoverable on unpaid losses and IBNR share and gross of allowance for impairment loss

³ Included under "Other assets" account

⁴ Included under "Due to reinsurers - net" account and gross of allowance for impairment loss

The aging of insurance receivables (excluding reinsurance recoverable on unpaid losses) is as follows:

	Note	2025	2024
Premiums Receivables			
Current		P114,850,674	P115,874,106
Past due but not impaired:			
31 - 60 days		80,426,561	78,532,274
61 - 90 days		171,609,682	176,737,212
More than 90 days		131,410,348	-
	7	P498,297,265	P371,143,592

The reinsurance recoverable on paid losses amounted to P0.19 million and P3.53 million in 2025 and 2024, respectively (Note 7) is more than 90 days past due and is unimpaired.

The Company provides allowance for impairment based on either 12-month or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The allowance is evaluated by management on the basis of reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company has rebutted the presumption that default does not occur later than when a financial asset is 90 days past due, based on the reasonable and supportable information. Therefore, financial assets aging more than 90 days are not considered impaired.

At each reporting date, the Company assesses whether these financial assets at amortized cost and investments in debt instruments at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the restructuring of a financial asset by the Company on terms that the Company would not consider otherwise;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

The Company considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

Liquidity Risk

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

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company manages its liquidity needs by carefully monitoring scheduled debt serving payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and 1-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits or short-term marketable securities.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at December 31, 2025 and 2024, the contractual maturities of the Company are all due in one year or less.

	Note	2025	2024
Financial Liabilities			
Claims and losses payable	12, 25	P647,946,978	P984,014,159
Due to reinsurers ¹	13, 25	1,441,563,897	1,416,415,905
Accrued expenses and other liabilities ²	14, 25	60,559,526	85,417,971
		P2,150,070,401	P2,485,848,035

¹ Gross of due from reinsurer included under "Due to reinsurers - net" account

² Excluding payable to regulatory agencies and deferred credits

The above contractual maturities reflect the gross cash flows, which is the same as the carrying values of the liabilities at reporting dates.

Market Risk

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

Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine peso, its functional currency. Exposures to currency exchange rates arise from the Company's cessions to San Miguel Insurance Company, Ltd. (SMIC) and Overseas Ventures Insurance Corporation Ltd. (OVINCOR) and collection on fire and marine insurance premiums from Petron, which are primarily denominated in US dollar.

The Company also holds US dollar-denominated cash and cash equivalents.

To mitigate the Company's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

Foreign currency denominated financial assets and liabilities, translated into Philippine peso at the closing rate are as follows:

	2025		2024	
	US Dollar	Peso Equivalent¹	US Dollar	Peso Equivalent¹
Financial assets	\$9,927,988	P583,666,419	\$13,997,064	P809,660,154
Financial liabilities	24,813,974	1,458,813,505	30,391,078	1,757,971,934
Net exposure	(\$14,885,986)	(P875,147,086)	(\$16,394,014)	(P948,311,780)

¹ Difference may arise due to rounding off

The Company reported net foreign exchange losses of P33.97 million and P24.57 million in 2025 and 2024, respectively (Note 19), with the translation of its foreign currency-denominated assets and liabilities. These mainly resulted from the movements of the Philippine peso against the US dollar. The Company used the Banker's Association of the Philippines' closing rates of US dollar to peso of P58.79 and P57.85 as at December 29, 2025 and December 27, 2024, respectively.

The management of foreign currency risk is also supplemented by monitoring the sensitivity of financial instruments to various foreign currency exchange rate scenarios. Foreign exchange movements affect reported equity through the retained earnings arising from increases or decreases in unrealized and realized foreign exchange gains or losses.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, to income before tax and equity as at December 31:

	Change in US Dollar Exchange Rate	Effect on Income before Income Tax	Effect on Equity
2025	0.80%	(6,916,916)	(5,187,687)
	-0.80%	6,916,916	5,187,687
2024	1.24%	(11,759,066)	(8,819,300)
	-1.24%	11,759,066	8,819,300

In 2025, the peso volatility, as measured by the coefficient of variation of peso's daily closing rates, decreased to 0.80% from 1.24% in 2024. The Company determined that this will best represent the movement of foreign exchange rate until the next reporting date.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's currency risk.

Interest Rate Risk

The management of interest rate risk involves maintenance of appropriate blend of financial instruments with consideration on the maturity profile of the financial instruments.

The Company's exposure to such instruments is not significant as most of the investments have fixed interest rates and maturities.

Price Risk

Price risk is the risk that future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of Philippine Stock Exchange index (PSEi).

As at December 31, 2025 and 2024, the Company does not have an exposure to price risk as it does not have investments in equity securities.

Fair Value of Financial Instruments

The fair value of cash in banks and cash equivalents, insurance receivables, investment in debt securities, interest receivables, security deposits, claims and losses payable, due from/to reinsurers, and accrued expenses and other liabilities (excluding amounts payable to government agencies and deferred credits), approximate their carrying amounts due to relatively short-term nature.

Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statements of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

As at December 31, investments in debt securities at FVOCI is the only financial asset measured at fair value in the statements of financial position. The fair value hierarchy of the Company's investments in debt securities is as follows:

2025					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Investments in debt securities	P700,290,217	P -	P700,290,217	P -	P700,290,217

2024					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Investments in debt securities	P669,326,528	P -	P669,326,528	P -	P669,326,528

Fair value of other debt securities is estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology. The market price reference in determining the market values is derived from Bloomberg Valuation in 2025 and 2024.

As at December 31, 2025 and 2024 the Company has no financial instruments measured at fair value which are considered as Level 1 and Level 3. During the year, there were no transfers into and out of Level 1 and Level 3 fair value measurements.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	Note	2025	2024
Cash on hand and in banks		P98,667,482	P96,353,535
Short-term placements		4,978,100,000	4,891,100,000
	5, 25	P5,076,767,482	P4,987,453,535

Cash in banks generally earns interest at rates based on daily bank deposit rates. Short-term placements include demand deposits which can be withdrawn at any time depending on the immediate cash requirements of the Company and earn annual interest ranging from 2.00% to 5.70% in 2025 and 2.75% to 6.00% in 2024.

Interest earned on cash in banks and short-term placements amounted to P228.10 million and P246.21 million in 2025 and 2024, respectively (Note 18). Accrued interest receivable on cash and cash equivalents amounted to P11.26 million and P9.00 million as at December 31, 2025 and 2024, respectively.

7. Insurance Receivables

Insurance receivables consist of:

	Note	2025	2024
Premium receivables:			
Related party	22	P495,580,301	P368,434,046
Third parties		2,716,964	2,709,546
	5, 25	498,297,265	371,143,592
Reinsurance recoverable on paid losses:			
Related party	22	36,481	824,253
Third parties		149,639	2,701,426
	5, 25	86,120	3,525,679
Reinsurance recoverable on unpaid losses:			
Related party	22	348,404,656	648,512,644
Third parties		60,618,348	103,477,255
	25	409,023,004	751,989,899
Reinsurers' share on IBNR	25	191,847,321	252,485,404
		601,056,445	1,008,000,982
		P1,099,353,710	P1,379,144,574

All of the Company's insurance receivables have been reviewed for indicators of impairment. As at December 31, 2025 and 2024, none of these receivables were found to be impaired.

8. Investments in Debt Securities

This account consists of:

	Note	2025	2024
Government securities		P705,058,485	P679,680,146
Other debt securities	22	700,290,217	669,326,528
	5, 25	P1,405,348,702	P1,349,006,674

This account is comprised of investments in government and private securities. Government securities consist of bonds or other instruments of debt of the Government of the Philippines or its political subdivisions or instrumentalities, or of Government-owned and controlled corporations, including the Bangko Sentral ng Pilipinas, which are lodged with the Bureau of Treasury, in accordance with the provisions of the Insurance Code for the benefit and security of policyholders and creditors of the Company.

This account bears fixed interest rates ranging from 3.38% to 7.85% and 2.63% to 7.85% in 2025 and 2024, respectively. In 2025 and 2024, interest income on these investments amounted to P85.53 million and P87.18 million, respectively (Note 18). As at December 31, 2025 and 2024, accrued interest on these investments amounted to P7.91 million and P3.42 million, respectively.

The maturity profile of this account is as follows:

	Note	2025	2024
Due in one year or less	25	P600,661,566	P575,678,194
Due after one year through five years	25	804,687,136	773,328,480
	5, 25	P1,405,348,702	P1,349,006,674

The breakdown of investments by classification and measurement as at December 31 follows:

	Note	2025	2024
Financial assets at amortized cost		P705,058,485	P679,680,146
Financial assets at FVOCI	5	700,290,217	669,326,528
	5, 25	P1,405,348,702	P1,349,006,674

The reconciliation of the carrying amount of investments in debt securities as at December 31 is as follows:

	2025	2024
Financial Assets at Amortized Cost		
Balance at beginning of year	P679,680,146	P658,047,901
Additions	695,659,743	665,960,425
Maturity	(683,164,300)	(659,174,411)
Amortization of discount	12,882,896	14,846,231
Balance at end of year	P705,058,485	P679,680,146

	Note	2025	2024
Financial Assets at FVOCI			
Balance at beginning of year		P669,326,528	P667,745,297
Fair value gain		30,963,689	1,581,231
Balance at end of year	5	P700,290,217	P669,326,528

The reconciliation of remeasurement of investments in debt securities at FVOCI is as follows:

	2025	2024
Balance at beginning of year	(P23,005,104)	(P24,191,028)
Net change in fair value of investments in debt securities	23,222,767	1,185,924
Balance at end of year	P217,663	(P23,005,104)

9. Deferred Reinsurance Premiums

Deferred reinsurance premiums pertain to the portion of insurance premiums ceded out and that relates to the unexpired period of the policies at reporting dates.

The movement of this account for the years ended December 31 is as follows:

	Note	2025	2024
Balance at beginning of year		P1,100,358,703	P1,037,583,394
Premiums ceded		2,780,433,440	2,169,493,352
Premiums ceded related to expired periods	17	(2,459,389,159)	(2,106,718,043)
		321,044,281	62,775,309
Balance at end of year	25	P1,421,402,984	P1,100,358,703

10. Property and Equipment - net

The movement of this account is as follows:

		Years Ended December 31				
	Note	Office Equipment	EDP Equipment	Leasehold Improvement	Transportation Equipment	Total
Cost						
January 1, 2025		P3,016,326	P26,450,824	P7,508,583	P1,165,179	P38,140,912
Additions		-	1,165,057	-	8,737,574	9,902,631
Disposals		-	(781,070)	-	-	(781,070)
	25	3,016,326	26,834,811	7,508,583	9,902,753	47,262,473
Accumulated Depreciation						
January 1, 2025		3,016,326	13,794,182	4,309,642	58,259	21,178,409
Depreciation	20	-	5,038,580	1,501,717	286,097	6,826,394
Disposals		-	(781,070)	-	-	(781,070)
	25	3,016,326	18,051,692	5,811,359	344,356	27,223,733
Carrying Amount December 31, 2025		P -	P8,783,119	P1,697,224	P9,558,397	P20,038,740
Cost						
January 1, 2024		P3,016,326	P26,372,056	P7,508,583	P -	P36,896,965
Additions		-	78,768	-	1,165,179	1,243,947
Disposals		-	-	-	-	-
	25	3,016,326	26,450,824	7,508,583	1,165,179	38,140,912
Accumulated Depreciation						
January 1, 2024	20	3,016,326	8,380,486	2,807,925	-	14,204,737
Depreciation		-	5,413,696	1,501,717	58,259	6,973,672
Disposals		-	-	-	-	-
	25	3,016,326	13,794,182	4,309,642	58,259	21,178,409
Carrying Amount December 31, 2024		P -	P12,656,642	P3,198,941	P1,106,920	P16,962,503

The Company's property and equipment are measured under cost model and are depreciated using the straight-line method over the useful life of 3-5 years.

The cost of the fully depreciated property and equipment still in use as at December 31, 2025 and 2024 amounted to P5.73. million and P6.26 million, respectively.

There are neither restrictions on title on the Company's property and equipment nor any of it pledged as security for liability. The Company has no contractual commitment for the acquisition of property and equipment.

11. Other Assets

Other assets consist of:

	Note	2025	2024
Prepaid expenses		P23,736,834	P21,782,255
Interest receivable	5, 25	14,425,812	12,427,642
Creditable Withholding Tax (CWT)		3,448,704	20,579,995
Deferred input VAT		2,954,408	3,050,002
Security deposit	5, 25	1,345,260	1,188,403
Others		322,293	184,734
	25	P46,233,311	P59,213,031

Prepaid expenses pertain to excess amounts of taxes paid to the tax regulators and other prepaid expenses.

Interest receivable pertains to receivable from interest income on short term placements and investment in debt securities.

CWT pertains to the indirect tax paid by the Company that is withheld by its counterparty for the payment of its expenses and other purchases.

Other assets include the Security Fund deposit made with the IC in compliance with Section 378 of the Amended Insurance Code (R.A. No. 10607), to be used for payment of claims against insolvent insurance companies. As at December 31, 2025 and 2024, the balance of the deposit amounting to P0.18 million represents the Company's contribution to the deposit and it earns interest at rates determined by the IC annually. No interest income was earned from security deposit for the years ended December 31, 2025 and 2024.

12. Insurance Liabilities

Insurance liabilities consist of:

	Note	2025	2024
Claims and losses payable:			
Related party	22	P600,578,071	P617,067,859
Third parties		47,368,907	366,946,300
	5, 25	647,946,978	984,014,159
IBNR claims		262,675,600	365,468,790
		910,622,578	1,349,482,949
Reserve for unearned premiums		1,704,319,478	1,364,183,103
	25	P2,614,942,056	P2,713,666,052

In 2018, the Company adopted certain provisions in Circular Letter (CL) No. 2018-18 *Valuation Standards for Non-life Insurance Reserves* issued by the IC specifically the recognition of margin for adverse deviation (MfAD) on its IBNR. This brought the IBNR claims to 75% percentile level of sufficiency. The Company recognized 100% of the Company specific MfAD in 2025 and 2024, in accordance with the provision of IC CL No. 2018-19 *Amendment to Circular Letter No. 2016-69 "Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended Risk-Based Capital (RBC2) Framework"*.

The movement in claims and losses payable and IBNR and reinsurance recoverable on unpaid losses are accounted for as follows:

	2025			2024		
	Claims and Losses Payable and IBNR	Reinsurance Recoverable on Unpaid Losses and IBNR (Note 7)	Net	Claims and Losses Payable and IBNR	Reinsurance Recoverable on Unpaid Losses and IBNR (Note 7)	Net
Balance at beginning of year	P1,349,482,949	P1,004,475,303	P345,007,646	P841,459,755	P622,447,452	P219,012,303
Claims and losses incurred during the year	185,838,514	(468,863,786)	654,702,300	696,935,967	458,579,882	238,356,085
Claims and losses paid - net of recoveries	(521,905,695)	-	(521,905,695)	(285,531,373)	-	(285,531,373)
Increase in IBNR	(102,793,190)	65,258,808	(168,051,998)	96,618,600	(76,552,031)	173,170,631
Balance at end of year	P910,622,578	P600,870,325	P309,752,253	P1,349,482,949	P1,004,475,303	P345,007,646

A reconciliation of reserve for unearned premiums is as follows:

	Note	2025	2024
Balance at beginning of year		P1,364,183,103	P1,216,451,350
Gross premiums written	17	3,543,993,578	2,902,507,507
Gross earned premiums	17	(3,203,857,203)	(2,754,775,754)
	17	340,136,375	147,731,753
Balance at end of year		P1,704,319,478	P1,364,183,103

Underwriting expenses consists of:

	2025	2024
Claims and losses incurred during the year including IBNR	P83,045,324	P793,554,568
Reinsurers' share on IBNR	65,258,808	(76,552,031)
Reinsurance recoverable on claims and losses during the year	(27,324,980)	(387,071,712)
Others	-	46,764
Underwriting expenses	P120,979,152	P329,977,589

The claims and losses incurred by the Company for its related parties amounted to P141.20 million and P656.17 million in 2025 and 2024, respectively (Note 22).

13. Due to Reinsurers - net

Due to reinsurers - net consists of:

	Note	2025	2024
Due to reinsurers:			
Related party	22	P1,439,815,968	P1,373,813,566
Third parties		1,747,929	42,602,339
	5, 25	1,441,563,897	1,416,415,905
Due from reinsurers:			
Related party	22	1,090,787	1,228,073
Third parties		1,549,542	7,019,847
	5, 25	2,640,329	8,247,920
		P1,438,923,568	P1,408,167,985

Due to reinsurers pertain to the premiums payable to the reinsurers while due from reinsurers pertain to the Company's reinsurance commissions receivable.

All of the Company's receivables from reinsurers have been reviewed for indicators of impairment. No receivables were found to be impaired in both years.

14. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of:

	<i>Note</i>	2025	2024
Payable to regulatory agencies:			
National		P97,648,806	P98,520,620
Local		24,229,155	20,350,918
		121,877,961	118,871,538
Accrued expenses	5	26,361,585	46,415,326
Accounts payable	5	33,325,184	38,172,467
Unclaimed check	5	872,757	830,178
	25	P182,437,487	P204,289,509

Payable to regulatory agencies pertained to the amount related to duties and taxes - statutory liabilities such as output vat.

Accrued expenses consist of unpaid obligations related to repairs and maintenance, professional fees, contracted services, and utilities.

Accounts payable consist of liabilities related to operational activities and deposits from counterparties.

Unclaimed checks pertain to checks prepared by the Company but are left unclaimed by the payees and are not stale as at reporting period

15. Deferred Reinsurance Commission

The reconciliation of deferred reinsurance commission is as follows:

	<i>Note</i>	2025	2024
Balance at beginning of year		P10,518,487	P2,700,542
Reinsurance commissions for the year		21,589,532	21,758,876
Reinsurance commissions earned for the year		(22,189,498)	(13,940,931)
		(599,966)	7,817,945
Balance at end of year	25	P9,918,521	P10,518,487

16. Equity

As at December 31, capital stock consists of:

	2025	2024
Authorized		
Par value per share	P1,000	P1,000
Number of shares	2,250,000	2,250,000
Issued and Outstanding		
Number of shares	1,994,975	1,994,975
Capital stock	1,994,975,000	1,994,975,000
Add: Additional paid-in capital	1,505,027,000	1,505,027,000
Less: Documentary stamp tax on issuance of shares	(14,949,730)	(14,949,730)
Capital stock and additional paid-in capital	P3,485,052,270	P3,485,052,270

As at December 31, 2025 and 2024, the Company's unappropriated retained earnings amounted to P1.35 billion and P1.12 billion, respectively. The Company is required under insurance regulations to maintain prescribed amount of capital including reserves such as contributed surplus and retained earnings.

The Company declared and paid dividends amounting to P450.00 million and P430.00 million in 2025 and 2024, respectively.

The Company has contributed surplus of P25.00 million as at December 31, 2025 and 2024.

17. Net Premiums Earned

The reconciliation of movement in net premiums earned is as follows:

	Note	2025	2024
Gross Earned Premiums			
Gross premiums written		P3,543,993,578	P2,902,507,507
Increase in reserve for unearned premiums		(340,136,375)	(147,731,753)
	12	3,203,857,203	2,754,775,754
Reinsurers' Share of Gross Earned Premiums			
Reinsurers' share of gross premiums		2,780,433,440	2,169,493,352
Increase in deferred reinsurance premiums		(321,044,281)	(62,775,309)
	9	2,459,389,159	2,106,718,043
		P744,468,044	P648,057,711

18. Interest Income Calculated Using the Effective Interest Method

Interest income calculated using the effective interest method consists of:

	<i>Note</i>	2025	2024
Cash and cash equivalents	6	P228,103,216	P246,211,500
Investments in debt securities at amortized cost	8	31,807,046	32,192,904
Investments in debt securities at FVOCI	8	53,724,200	54,987,881
		P313,634,462	P333,392,285

19. Other Loss and Other Income

Other loss - net consists of:

	2025	2024
Realized foreign exchange loss - net	(P14,812,631)	(P13,502,021)
Unrealized foreign exchange loss - net	(19,158,280)	(11,069,565)
	(P33,970,911)	(P24,571,586)

	2025	2024
Other income	P1,720,460	P5,989,064

Other income consists of miscellaneous income from the write-off of a liability that is no longer deemed payable.

20. General and Administrative Expenses

General and administrative expenses consist of:

	<i>Note</i>	2025	2024
Personnel		P41,116,016	P47,481,784
Management and directors		18,775,149	15,926,628
Repairs and maintenance		7,546,780	7,300,462
Depreciation	10	6,826,394	6,973,672
Rent	24	5,381,040	5,202,113
Fringe benefit		3,487,538	3,454,384
Outside services		3,020,693	3,116,073
Professional fees		2,886,500	2,901,884
Taxes and licenses		2,001,042	2,940,686
Others		8,063,000	8,465,845
		P99,104,152	P103,763,531

Personnel cost pertains to salaries and wages and other employee benefits of the Company's employees.

Management and directors cost pertains to the management fees paid to its Parent Company.

Taxes and licenses pertain to local and national regulatory expenses.

21. Income Taxes

Income tax expense consists of:

	2025	2024
Current income tax	P83,500,920	P53,513,635
Deferred income tax	10,931,514	(12,137,929)
Final tax	57,994,708	62,039,506
	P152,427,142	P103,415,212

The reconciliation of income tax computed at the statutory income tax rate of 25% for 2025 and 2024, along with the Company's income tax expense, is presented as follows:

	2025	2024
Income before income tax	P827,958,249	P543,067,285
Income tax computed at statutory income tax rate of 25%	P206,989,562	P135,766,821
(Decrease) increase in income tax resulting from tax effects of:		
Excess of itemized deductions over optional standard deduction	(34,148,512)	(11,043,044)
Interest income subjected to final tax	(20,413,908)	(21,308,565)
Income tax expense	P152,427,142	P103,415,212

Deferred tax assets arise from the following:

	Note	2025	2024
Amount Charged to Profit or Loss			
IBNR claims		P17,707,070	P28,245,846
Unrealized foreign exchange loss		4,789,570	2,767,391
Retirement		4,691,732	5,503,872
Provision for loss reserves		3,872,989	4,128,777
Deferred reinsurance commissions		2,479,630	2,629,622
Provision for loss adjustments		515,379	1,712,376
		34,056,370	44,987,884
Amount Charged to OCI			
Remeasurement of investments in debt securities		(72,554)	7,668,368
	25	P33,983,816	P52,656,252

The movement of deferred tax assets - net are accounted as follows:

	Note	2025	2024
Amount charged to profit or loss		(P10,931,514)	P12,137,929
Amount charged to OCI		(7,740,922)	(395,308)
	25	(P18,672,436)	P11,742,621

22. Related Party Transactions

The Company's related parties include its Parent Company and entities under common control as described below. Amounts due from or due to related parties are collectible or to be settled in cash. Details of related party transactions in 2025 and 2024 are as follows:

Category/Transaction	Note	Year	Amount of the Transaction	Outstanding Balance		Terms	Conditions
				Due from Related Parties	Due to Related Parties		
Parent Company							
Premiums written	7	2025	P5,024,671	P -	P -	On-demand;	Unsecured;
		2024	4,824,361	-	-	non-interest bearing	no impairment
Management fee	20	2025	17,345,149	-	-	On-demand;	Unsecured
		2024	14,766,628	-	-	non-interest bearing	
Dividends Declared		2025	337,216,181	-	-	On-demand;	Unsecured
		2024	322,228,795	-	-	non-interest bearing	
Other expenses	20	2025	877,388	-	-	On-demand;	Unsecured
		2024	783,513	-	-	non-interest bearing	
Entities under Common Control							
Premiums written	7, 22.a	2025	3,421,682,571	495,580,301	-	On-demand;	Unsecured;
		2024	2,848,663,703	368,434,046	-	non-interest bearing	no impairment
Claims	12, 22.a	2025	141,199,906	-	600,578,071	On-demand;	Unsecured
		2024	656,174,538	-	617,067,859	non-interest bearing	
Premiums ceded	13	2025	2,704,005,369	-	1,439,815,968	On-demand;	Unsecured
		2024	2,088,959,556	-	1,373,813,566	non-interest bearing	no impairment
Commissions earned	13	2025	19,301,015	1,090,787	-	On-demand;	Unsecured;
		2024	13,894,168	1,228,073	-	non-interest bearing	no impairment
Reinsurance recoverable on paid losses	7	2025	(221,293,148)	36,481	-	On-demand;	Unsecured;
		2024	47,834,744	824,253	-	non-interest bearing	no impairment
Reinsurance recoverable on unpaid losses	7	2025	197,119,873	348,404,656	-	On-demand;	Unsecured;
		2024	319,396,743	648,512,644	-	non-interest bearing	no impairment
Dividends Declared		2025	112,783,143	-	-	On-demand;	Unsecured
		2024	107,770,559	-	-	non-interest bearing	
Other expenses	20	2025	4,681,004	-	-	On-demand;	Unsecured
		2024	5,695,585	-	-	non-interest bearing	no impairment
Investment	8	2025	-	700,290,217	-	On-demand;	Unsecured
		2024	-	669,326,528	-	Interest bearing	no impairment
TOTAL		2025		P1,545,402,442	P2,040,394,039		
TOTAL		2024		P1,688,325,544	P1,990,881,425		

22.a In the normal course of business, the Company provides insurance cover to SMC and its affiliated companies, and obtains certain reinsurance coverage from SMIC and Overseas Ventures Insurance Corporation.

23. Capital Management and Regulatory Requirements

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders by complying with the capital requirements and limitation enforced by the IC and aligning the Company's operation strategy to its corporate goals.

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the IC and the amount computed under the risk-based capital model.

The Company manages capital through a process that determines future projected capital requirements through the development of long-term financial plans and projections that consider the impact of surplus of new business, profitability of in-force business and other major corporate initiatives that will affect capitalization levels.

The IC is interested in protecting the rights of the policyholders and maintaining close vigil to ensure that the Company is satisfactorily managing the affairs for policyholders' benefits.

The Company considers capital stock, contributed surplus, remeasurement of investments in debt securities and retained earnings as capital it manages.

There were no changes made to its capital base, objectives, policies and processes from previous years.

Net Worth Requirements

Under the Amended Insurance Code (Republic Act 10607) which was approved on August 15, 2013, every insurance company doing business in the Philippines needs to comply with the following net worth requirements:

Net Worth	Compliance Date
P250,000,000	On or before June 30, 2013
550,000,000	On or before December 31, 2016
900,000,000	On or before December 31, 2019
1,300,000,000	On or before December 31, 2023

As at December 31, 2025 and 2024, the Company has complied with the net worth requirements, based on internal calculations. The final amount of net worth can be determined only after the accounts of the Company have been examined by the IC, especially as to the admitted and non-admitted assets as defined under the Insurance Code.

RBC2 Requirements

IC Circular No. 2016-68, *Amended RBC2 Framework*, provides for the RBC2 framework for the non-life insurance industry to establish the required amounts of capital to be maintained by the insurance companies in relation to the risks an insurance company is exposed to. Annually, every non-life insurance company is required to maintain an RBC2 ratio of at least 100.00% and not to fail the trend test. Failure to meet the minimum RBC2 ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC2 ratio shall be calculated as total available capital (TAC) divided by the RBC2 requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits determined by IC. With Tier 1 Capital being the capital fully available to cover losses at all times on a going concern and winding up basis. And Tier 2 Capital as the capital that can also provide additional buffer to the insurance company, though it is not of the same high quality as Tier 1 Capital. RBC2 requirement shall be computed based on the formula provided in the Circular and shall include credit risk, insurance risk, market risk, operational risk, catastrophe risk, and surrender risk.

As at December 31, 2025 and 2024, the Company has complied with RBC2 requirements based on internal calculations.

The final RBC2 ratio can be determined only after the accounts of the Company have been examined by the IC, specifically as to admitted and non-admitted assets as defined under the Insurance Code.

24. Leases

The Company has determined that the significant risks and rewards for leased property from a related party are retained by the lessor.

The Company has entered its operating lease agreement for office premises with terms of one (1) year which covered the periods from January 1, 2025 to December 31, 2025.

The Company has elected to account for this lease using the practical expedient for leases for which the underlying asset is of low value. Instead of recognizing a right-of-use asset and lease liability, the payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

As at December 31, future minimum rental payments under the lease agreement are as follows:

	2025	2024
Within one year	P5,496,782	P5,381,040
After one year but not more than five years	-	-
	P5,496,782	P5,381,040

Rent expense amounting to P5.38 million and P5.20 million in 2025 and 2024, respectively, is presented as rent under the "General and administrative expenses" account in profit or loss (Note 20).

25. Maturity Analysis of Assets and Liabilities

The following table show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within 12 months and beyond 12 months from financial reporting date.

	Note	December 31, 2025			December 31, 2024		
		Due Within 12 Months	Due Beyond 12 Months	Total	Due Within 12 Months	Due Beyond 12 Months	Total
Financial Assets							
Cash and cash equivalents	5, 6	P5,076,767,482	P -	P5,076,767,482	P4,987,453,535	P -	P4,987,453,535
Insurance receivables ¹	5, 7, 22	498,483,385	-	498,483,385	374,669,271	-	374,669,271
Investment in debt securities	5, 8	600,661,566	804,687,136	1,405,348,702	575,678,194	773,328,480	1,349,006,674
Due from reinsurers ²	5, 13	2,640,329	-	2,640,329	8,247,920	-	8,247,920
Other assets ³	5, 11	14,425,812	1,345,260	15,771,072	12,427,642	1,188,403	13,616,045
		6,192,978,574	806,032,396	6,999,010,970	5,958,476,562	774,516,883	6,732,993,445
Non-financial Assets							
Insurance receivables ⁴	7	600,870,325	-	600,870,325	1,004,475,303	-	1,004,475,303
Deferred reinsurance premiums	9	1,421,402,984	-	1,421,402,984	1,100,358,703	-	1,100,358,703
Property and equipment	10	-	47,262,473	47,262,473	-	38,140,912	38,140,912
Deferred tax assets	21	-	33,983,816	33,983,816	-	52,656,252	52,656,252
Other assets ⁵	11	30,462,239	-	30,462,239	45,596,986	-	45,596,986
		2,052,735,548	81,246,289	2,133,981,837	2,150,430,992	90,797,164	2,241,228,156
Less							
Accumulated depreciation	10	-	27,223,733	27,223,733	-	21,178,409	21,178,409
		-	27,223,733	27,223,733	-	21,178,409	21,178,409
		P8,245,714,122	P860,054,952	P9,105,769,074	P8,108,907,554	P844,135,638	P8,953,043,192
Financial Liabilities							
Claims and losses payable ⁶	5, 12	P647,946,978	P -	P647,946,978	P984,014,159	P -	P984,014,159
Due to reinsurers	5, 13	1,441,563,897	-	1,441,563,897	1,416,415,905	-	1,416,415,905
Accrued expenses and other liabilities ⁷	5, 14	60,559,526	-	60,559,526	85,417,971	-	85,417,971
		2,150,070,401	-	2,150,070,401	2,485,848,035	-	2,485,848,035
Nonfinancial Liabilities							
Insurance liabilities	12	1,966,995,078	-	1,966,995,078	1,729,651,893	-	1,729,651,893
Accrued expenses and other liabilities ⁸	14	121,877,961	-	121,877,961	118,871,538	-	118,871,538
Deferred reinsurance commission	15	9,918,521	-	9,918,521	10,518,487	-	10,518,487
		2,098,791,560	-	2,098,791,560	1,859,041,918	-	1,859,041,918
		P4,248,861,961	P -	P4,248,861,961	P4,344,889,953	P -	P4,344,889,953

1 Excluding Reinsurance recoverable on unpaid losses, Reinsurers' share on IBNR and gross of Allowance for impairment loss

2 Included under "Due to reinsurers - net" account and gross of Allowance for impairment loss

3 Includes Interest receivable and Security deposit

4 Includes Reinsurance recoverable on unpaid losses and Reinsurers' share on IBNR

5 Includes Deferred input tax, Creditable withholding tax, Prepaid expense and Others account

6 Included under "Insurance liabilities" account

7 Includes Accounts payable, Accrued expenses and Unclaimed checks

8 Including payable to government regulatory agencies

26. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 of the Bureau of Internal Revenue (BIR)

The BIR has issued RR No. 15-2010 which requires certain tax information to be disclosed in the notes to the financial statements. The Company presented the required supplementary tax information as a separate schedule and attachment to its annual income tax return.