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Company Information

SEC Registration No.: 0000025495

Company Name: 107 EXCHANGE INSURANCE BROKER, INC.

Industry Classification: J67010

Company Type: Stock Corporation

Document Information

Document ID: OST105212026811468055

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

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



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
INSURANCE COMMISSION**

The Stockholders and the Board of Directors
107 Exchange Insurance Broker, Inc.
7F Exchange Corner Building
107 V.A. Rufino St.
Legaspi Village, Makati City

We have audited, in accordance with the Philippine Standards on Auditing, the financial statements of 107 Exchange Insurance Broker, Inc. (the Company), a subsidiary of Group Management Corporation), as at and for the years ended December 31, 2025 and 2024, on which we have rendered our report dated May 12, 2026.

Our audit was made for the purpose of forming an opinion on the financial statements of the Company taken as a whole. The minimum information presented in Annex A is the responsibility of the Company's management, and is presented for purpose of complying with the Insurance Commission Circular Letter No. 2021-65 and 69 and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the Company's financial statements and, in our opinion, is fairly stated, in all material respects, in relation the financial statements taken as a whole.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782/P-011; Valid until June 6, 2026

SEC Accreditation No. 97380-SEC Group A

Issued April 8, 2021

Valid for Financial Periods 2024 to 2025

BIR Accreditation No. 08-005144-012-2025

Valid until September 10, 2028

PTR No. 10764028

Issued January 2, 2026, Makati City

May 12, 2026
Makati City, Metro Manila



107 EXCHANGE INSURANCE BROKER, INC.

7/F Exchange Corner Bldg., 107 Corner V.A. Rufino & Bolaños Sts.
Legaspi Village, Makati City, Philippines
Tel. Nos. 88185911 ; website : www.insurphil.com
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SUPPLEMENTAL INFORMATION FOR FILING WITH THE INSURANCE COMMISSION

1. Segregation of Client's Money Account

The Company has not kept any client's money during and as of December 31, 2025.

2. Net Worth Compliance and Fiduciary ratio Computation

The Company had no fiduciary asset and liability accounts as of December 31, 2025 and as such, no fiduciary computation to determine the compliance to the net worth and fiduciary requirements has been made as of the said date.

3. Offsetting Arrangements

There was no offsetting of accounts has been made during and as of December 31, 2025.



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
107 Exchange Insurance Broker, Inc.
7F Exchange Corner Building
107 V.A. Rufino St.
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 107 Exchange Insurance Broker, Inc. (the Company), a subsidiary of Group Management Corporation, which comprise the statement of financial position as at December 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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

Basis for Opinion

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

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2024 were audited by another auditor whose report dated April 10, 2025 expressed an unqualified opinion on those statements.

We were not engaged to audit, review or perform any procedures to the 2024 financial statements of the Company and accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements taken as a whole.



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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 20 to financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of 107 Exchange Insurance Broker, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & Co.


MICHELLE R. MENDOZA-CRUZ

Partner

CPA Certificate No. 97380

Tax Identification No. 201-892-183-000

BOA Accreditation No. 4782/P-011; Valid until June 6, 2026

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Issued April 8, 2021

Valid for Financial Periods 2024 to 2025

BIR Accreditation No. 08-005144-012-2025

Valid until September 10, 2028

PTR No. 10764028

Issued January 2, 2026, Makati City

May 12, 2026

Makati City, Metro Manila

107 EXCHANGE INSURANCE BROKER, INC.
(A Subsidiary of Group Management Corporation)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025
(With Comparative Figures as at December 31, 2024)

		December 31	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and cash equivalents	4	P31,285,229	P2,341,928
Accounts and other receivables	5	14,107,761	7,106,966
Short-term investment	6	15,512,756	19,858,140
Other current assets		46,756	169,734
Total Current Assets		60,952,502	29,476,768
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	7	8,159,103	9,088,946
Long-term investment	6	7,009,740	22,091,345
Investment properties	8	61,689,060	64,764,901
Property and equipment	9	1,133,253	931,659
Net deferred tax assets	16	2,642,981	2,343,326
Total Noncurrent Assets		80,634,137	99,220,177
		P141,586,639	P128,696,945
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	10	P7,015,058	P8,003,124
Income tax payable		1,579,571	-
Total Current Liabilities		8,594,629	8,003,124
Noncurrent Liabilities			
Rental deposit payable	17	6,508,555	4,508,555
Retirement liability	11	2,613,925	2,100,143
Total Noncurrent Liabilities		9,122,480	6,608,698
Total Liabilities		17,717,109	14,611,822
Equity			
Capital stock		175,000,000	175,000,000
Contributed surplus		804,589	804,589
Deficit		(55,604,748)	(64,218,997)
Other comprehensive income		3,669,689	2,499,531
Total Equity		123,869,530	114,085,123
		P141,586,639	P128,696,945

See accompanying Notes to Financial Statements.

107 EXCHANGE INSURANCE BROKER, INC.
(A Subsidiary of Group Management Corporation)

STATEMENT OF COMPREHENSIVE INCOME
DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	Years Ended December 31	
		2025	2024
REVENUE		₱387,810	₱350,142
COST OF SERVICES	12	2,529,164	4,329,410
GROSS LOSS		(2,141,354)	(3,979,268)
OPERATING EXPENSES	13	10,113,038	11,130,721
OTHER INCOME	14	23,160,694	23,773,531
INCOME BEFORE INCOME TAX		10,906,302	8,663,542
PROVISION FOR (BENEFIT FROM) INCOME TAX	16		
Current		2,591,708	1,720,812
Deferred		(299,655)	—
		2,292,053	1,720,812
NET INCOME		8,614,249	6,942,730
OTHER COMPREHENSIVE INCOME			
<i>Item not to be reclassified to profit or loss</i>			
Unrealized fair value gain on financial assets at FVOCI	7	1,170,158	1,072,395
TOTAL COMPREHENSIVE INCOME		₱9,784,407	₱8,015,125

See accompanying Notes to Financial Statements.

107 EXCHANGE INSURANCE BROKER, INC.
(A Subsidiary of Group Management Corporation)

STATEMENT OF CHANGES IN EQUITY
DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	Years Ended December 31	
		2025	2024
CAPITAL STOCK - ₱100 par value			
Authorized, issued and outstanding - 1,750,000 shares		₱175,000,000	₱175,000,000
CONTRIBUTED SURPLUS			
Balance at beginning and end of year		804,589	804,589
DEFICIT			
Balance at beginning of year		(64,218,997)	(71,161,727)
Net income		8,614,249	6,942,730
Balance at end of year		(55,604,748)	(64,218,997)
OTHER COMPREHENSIVE INCOME			
<i>Cumulative Net Unrealized Fair Value Gain on Financial Assets at FVOCI</i>			
Balance at beginning of year		2,499,531	1,427,136
Unrealized fair value gain	7	1,770,158	1,072,395
Realized gain	7	(600,000)	-
Balance at end of year		3,669,689	2,499,531
		₱123,869,530	₱114,085,123

See accompanying Notes to Financial Statements.

107 EXCHANGE INSURANCE BROKER, INC.
(A Subsidiary of Group Management Corporation)

STATEMENT OF CASH FLOWS
DECEMBER 31, 2025
(With Comparative Figures for 2024)

		Years Ended December 31	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P10,906,302	P8,663,542
Adjustments for:			
Depreciation	8	3,548,871	3,527,763
Interest income	4	(2,340,688)	(1,752,381)
Gain on sale of financial assets at FVOCI		(609,513)	-
Retirement expense	11	513,782	242,404
Dividend income	7	(12,295)	(262,469)
Amortized discount		-	(391,304)
Unrealized gain on foreign exchange		-	7,847
Operating income before working capital changes		12,006,459	10,035,402
Decrease (increase) in:			
Accounts and other receivables		(9,579,454)	(105,974)
Other current assets		122,978	302,042
Increase (decrease) in:			
Accounts and other payables		(988,066)	1,065,977
Rental deposit payable		2,000,000	-
Net cash generated from operations		3,561,917	11,297,447
Interest received		2,340,688	1,752,381
Income tax paid		(1,201,969)	(1,167,679)
Net cash provided by operating activities		4,700,636	11,882,149
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from short- and long-term investments		21,009,373	8,000,000
Proceeds from sale of financial assets at FVOCI		2,109,513	-
Additions to:			
Property and equipment	9	(492,435)	(1,006,965)
Investment properties	8	(182,189)	(726,309)
Short-term investments		-	(14,428,241)
Dividends received		12,295	262,469
Increase in financial assets at FVOCI		-	(806,045)
Net cash provided by (used in) investing activities		22,456,557	(8,705,091)
CASH FLOW FROM A FINANCING ACTIVITY			
Receipt (payments) of advances from Parent Company	15	1,786,108	(3,649,797)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,943,301	(472,739)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		-	(7,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,341,928	2,822,514
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P31,285,229	P2,341,928

See accompanying Notes to Financial Statements.

107 EXCHANGE INSURANCE BROKER, INC.
(A Subsidiary of Group Management Corporation)

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE INFORMATION AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2024)

1. General Information

Corporate Information

107 Exchange Insurance Broker, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 27, 1964. The Company was organized primarily to conduct the business of insurance brokerage for non-life insurance, life insurance, allied lines, motor vehicle casualty, surety and fidelity, marine cargo, marine hull, comprehensive liability insurance, and other allied risks and aviation insurance, and such other insurance coverage allied with or incident to the aforesaid insurance business

The registered office and principal address of the Company is located at 7F Exchange Corner Building, 107 V.A. Rufino St., Legaspi Village, Makati City.

Group Management Corporation (the "Parent Company"), a company incorporated and registered with the Philippine Securities and Exchange Commission (SEC), is engaged in providing management services, technical advice, and consulting for commercial, manufacturing, and other business enterprises. The Company is majority owned by the Parent Company with 89.25% ownership as of December 31, 2025 and 2024.

Status of Operations

The Company stopped issuing new and renewal policies effective July 2012 as a result of its inability to meet the required capitalization requirements of ₱175.0 million. It was officially placed under a conservatorship on November 21, 2012 as per order of the Insurance Commission (IC). Its request for the changes in its primary activity from non-life insurance business to insurance/reinsurance broker and its corporate name to 107 Exchange Insurance Broker, Inc. from Insurance of the Philippine Islands Co., Inc. was favorably endorsed by the IC on October 20, 2016 and January 11, 2017, respectively and subsequently approved by SEC on January 17, 2017.

Approval of the Financial Statements

The financial statements of the Company as at and for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors (BOD) on May 12, 2026.

2. Summary of Material Accounting Policy Information

The material accounting policy information that has been used in the preparation of the financial statements has been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The Company qualifies as a small-medium enterprise based on the criteria set by the SEC. However, the Company elected to prepare its financial statements in accordance with PFRS Accounting Standards because the Company is being consolidated to its Parent Company, whose financial statements are prepared in accordance with PFRS Accounting Standards.

Measurement Bases

The financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All amounts are rounded to the nearest Peso, except when otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which are carried at fair value, and net retirement liability which is carried at present value of defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or fair value of consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Further information about the assumptions used in measuring fair values is included in the following notes to financial statements:

- Note 7 - Financial assets at FVOCI
- Note 8 - Investment properties
- Note 19 - Fair value measurement

New and Amendments to PFRS Accounting Standards In Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.
- Annual Improvements to PFRS Accounting Standards Volume 11:
 - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.
 - Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Classification of Financial Instruments

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at fair value through profit or loss (FVPL), (b) financial assets at amortized cost and (c) financial assets at FVOCI. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

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

Financial Assets at Amortized Cost

The Company's cash and cash equivalents and accounts and other receivables (excluding accrued rent and advances to officers and employees), short-term investments and long-term investments are classified as financial assets at amortized cost.

These financial assets are measured at amortized cost less allowance for expected credit losses (ECL), if any. For accounts receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Meanwhile, impairment of other financial assets applied the general approach and calculated ECL based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Company has transferred its right to receive cash flows from the financial asset.

Financial Assets at FVOCI

The Company's investments in shares of stocks and in club shares are classified as financial assets at FVOCI. These financial assets are initially measured at fair value plus transaction costs.

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

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

Financial Liabilities at Amortized Cost

The Company's accounts and other payables (excluding statutory payables) and rental deposit payable are classified as financial liabilities at amortized cost. These financial liabilities are initially measured at fair value, net of any transaction costs. The Company recognizes financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Offsetting of Financial Assets and Liabilities

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

Investment Properties

Investment properties are defined as properties such as land or building or part of building or both held for the purposes of earning rentals or for capital appreciation or both. These properties are not held to be used in production or sale in the ordinary course of business.

Investment properties are initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of asset given up.

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

<u>Asset Type</u>	<u>Number of Years</u>
Condominium	15 to 50
Office Improvement	3 to 50

Fully depreciated assets are retained in the account until these are no longer in use and no further charge for depreciation is made in respect of these assets.

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in the year of retirement or disposal.

Transfers are made from investment properties when and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment loss.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable taxes and any direct costs attributable in bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that these expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation commences when property and equipment is in its location or condition capable of being operated in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale and the date the property and equipment is derecognized.

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

<u>Asset Type</u>	<u>Number of Years</u>
Electronic data processing (EDP) equipment	3 to 5
Office equipment	2 to 5
Furniture and fixtures	2 to 5
Transportation equipment	5
Communication equipment	2 to 5

The estimated useful lives and depreciation method are reviewed periodically, and adjusted prospectively if there is an indication of a significant change since the last reporting date, to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property and equipment are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those property and equipment. Fully depreciated assets are retained in the account until these are no longer in use and no further charge for depreciation is made in respect to those assets.

Impairment of Nonfinancial Assets

At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets maybe impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and outstanding.

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

Deficit. Deficit represents the cumulative balance of net loss.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense that are not recognized in profit or loss for the year. This consists of fair value gain on financial assets at FVOCI.

Revenue Recognition

Revenue from contracts with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements, except for commission income in which the Company acts as an agent.

If the Company determines that it is the principal in its revenue transactions, revenue is recognized in full amount of the consideration received or receivable. Otherwise, revenue recognized is the net consideration and does not include the amount collected on behalf of the principal.

The following specific recognition criteria must also be met before revenue is recognized:

Revenue. Revenue pertains to commission income earned by the Company from insurance brokerage services, which consist of arranging insurance contracts between clients and insurance companies.

Revenue outside the scope of PFRS 15, *Revenue from Contracts with Customers*, is recognized as follows:

Other Income. Other income is recognized when earned. Rental is from rentals of office spaces recognized on a straight-line basis over the lease term. Dividend income is recognized when the Company's right to receive the payment is established. Interest income is recognized as the interest accrues, taking into consideration the effective yield on the assets, net of final tax.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Services. Cost of services is recognized when the related services are rendered to and accepted by customers.

Operating Expenses. Operating expenses constitute costs of operating and administering the business and are recognized in profit or loss in the period in which they are incurred.

Other Charges. Other charges are recognized when incurred.

Employee Benefits

Short-term Benefits. Short-term benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Retirement Benefits. The Company has not established a formal retirement plan. However, it accrues the estimated cost of retirement benefit required by the provision of Republic Act No. 7641, *Retirement Pay Law*. The cost of retirement benefit includes normal costs.

Leases

Leases where the Company, as a lessor, retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Related Party Transactions and Relationship

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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company, (b) associates, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual and (d) a member of the key management personnel of the reporting entity.

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

Income Tax

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is recognized in profit or loss except for the effect of items recognized as other comprehensive income or items directly recognized in equity.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that sufficient future taxable income will be available against which the deductible 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 there will be sufficient taxable profit against which part of the deferred tax asset can be utilized. Unrecognized deferred tax asset is reassessed at each reporting date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that is 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 the reporting date.

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingencies

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

Events After the Reporting Date

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

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. These judgments, accounting estimates and assumptions are based upon management's evaluation of relevant facts and circumstances as at reporting date. Actual results could differ from these judgments, estimates and assumptions used, and the effect of any change in judgment, estimates and assumptions will be adjusted accordingly when the effects become reasonably determinable.

Judgments, accounting 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.

The Company believes the following represent a summary of these significant judgments, accounting estimates, assumptions and the related impact and associated risks in the financial statements:

Judgments

In the process of applying the Company's policies, the Company has made certain judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements.

Classifying the Financial Instruments. The Company exercises judgment in classifying financial instruments in accordance with PFRS 9. The Company classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the Company's business model and its contractual cash flow characteristics 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 Company's statement of financial position.

Classifying between Investment Properties and Property and Equipment. The Company determines whether a property qualifies as an investment property or property and equipment based on its current intentions as to how the properties will be used. When the properties are held to earn rentals or for capital appreciation or both, the properties are classified as investment properties, otherwise, these are classified as property and equipment.

Determining the Highest and Best Use of Investment Properties. The Company determines the highest and best use of its investment properties when measuring fair value. In making its judgment, the Company takes into account the use of investment properties that is physically possible, legally permissible and financially feasible. The Company has determined that the highest and best use of the investment properties is its current use.

Classifying Leases - Company as a Lessor. The Company has existing commercial property lease arrangements related to its office and parking spaces. The Company determined based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risk and rewards of the properties, thus, the leases are accounted for as operating lease.

Accounting Estimates and Assumptions

The key accounting estimates and assumptions concerning the future and other key sources of estimation of uncertainty at reporting date that may have significant risks of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating the Allowance for ECL on Financial Assets. The Company applies the simplified approach in measuring ECL on accounts receivable which uses a lifetime expected loss allowance. To measure the ECL, accounts receivable have been grouped based on days past due. The expected loss rates are initially based on the Company's historical default rates. These historical default rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The assessment of the correlation between historical default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For other financial assets at amortized cost, the Company applies the general approach in measuring the ECL. The Company determines the expected credit loss based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on the financial instrument that are possible within 12 months after reporting date. When the Company assessed that there is a significant change in the credit risk, the Company estimates ECL using a provision matrix. The Company assessed that cash in banks, cash equivalents and short- and long-term investments are deposited with reputable counterparty that possess good credit ratings.

No provision for ECL was recognized in 2025 and 2024. The carrying amounts of financial assets are disclosed in Notes 5 and 6 to financial statements.

Determining the Fair Value of Financial Assets at FVOCI. The Company carries financial assets at FVOCI at fair value in the statement of financial position. Determining the fair value of financial assets at FVOCI requires extensive use of accounting estimates and judgment. The Company determined the fair values of quoted equity instruments using the available market prices in active markets for identical assets (Level 1). Any changes in the fair value of these financial assets would affect OCI.

The fair value of financial assets at FVOCI is disclosed in Note 7 to financial statements.

Estimating the Useful Lives of Property and Equipment. The useful life of each item of property and equipment is estimated based on the period over which they are expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each property and equipment is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of property and equipment. However, it is possible that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation and decrease the carrying amount of property and equipment.

There was no changes in the estimated useful lives of property and equipment in 2025 and 2024. The estimated useful lives of property and equipment are disclosed in Note 2 to the financial statements.

The carrying amount of property and equipment are disclosed in Note 9 to financial statements.

Estimating the Retirement Liability. The Company computed for retirement liability in accordance with the "Retirement Pay Law". While it is believed that the Company's assumptions are reasonable and appropriate, significant difference in actual experience or significant changes in assumptions may materially affect the Company's retirement benefit obligation.

The carrying amount of retirement liability is disclosed in Note 11 to financial statements.

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amounts of deferred tax assets at each reporting date and adjusts the balance to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be utilized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

As at December 31, 2025 and 2024, deferred tax assets recognized are disclosed in Note 16 to financial statements. Management has assessed that it is probable that sufficient future taxable profit will be available against which these deferred tax assets can be utilized.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	P5,000	P-
Cash in banks	26,945,829	2,341,928
Cash equivalents	4,334,400	-
	P31,285,229	P2,341,928

Cash in banks earn interest at the prevailing bank deposits rates and is immediately available for use in the Company's current operations. Cash equivalents consist of a single short-term time deposit with a with a term of three (3) months and earn interest at the prevailing time deposit rates.

Interest income earned consists of the following:

	Note	2025	2024
Short-term investments	6	P2,000,572	P1,405,995
Long-term investments	6	304,754	344,854
Cash equivalents		34,400	-
Cash in banks		962	1,532
		P2,340,688	P1,752,381

5. Accounts and Other Receivables

This account consists of:

	Note	2025	2024
Accounts receivable:			
Parent Company	15	₱3,713,813	₱-
Third parties		3,484,581	₱528,418
Due from ceding companies		8,130,259	8,130,259
Reinsurance recoverable on paid losses		5,469,670	5,469,670
Accrued rent	17	632,511	327,756
Premium reserve withheld by ceding companies		485,488	485,488
Advances to officers and employees		299,987	273,923
		22,216,309	15,215,514
Less allowance for ECL		(8,108,548)	(8,108,548)
		₱14,107,761	₱7,106,966

Accounts receivable pertains to amounts due from lessors. These are noninterest-bearing and are generally on a 30-day term.

Due from ceding companies are premiums receivable for assumed business from other insurance and reinsurance companies.

Reinsurance recoverable on paid losses pertains to amounts recoverable from the reinsurers in respect of their share of claims already paid by the Company. The amount of funds held by ceding companies is a percentage of the premiums retained by ceding companies, as stipulated in the treaty contracts.

Accrued rent pertains to accrual of rent on a straight-line basis over the lease terms as required by PFRS 16, *Leases*.

Premium reserve withheld by ceding companies represents a portion of the reinsurance premium ceded to reinsurers which was withheld by the association in accordance with treaty agreements and/or laws, rules and regulations.

Advances to officers and employees are cash advances for business purposes subject to liquidation.

6. Short- and Long-term Investments

Short-term investment pertains to a fixed-rate treasury note amounting to ₱15.5 million and ₱19.9 million as at December 31, 2025 and 2024, respectively, with a term of 3 years and earns annual interest at 6.25% in 2025 and 5.20% to 6.06% in 2024. Interest income amounted to ₱2.0 million in 2025 and ₱1.4 million in 2024 (see Note 4).

Long-term investment pertains to a retail treasury bond amounting to ₱7.0 million and ₱22.1 million as at December 31, 2025 and 2024, respectively, with a term of 5 years and earns annual interest at 5.75% in 2025 and 5.75% to 5.80% in 2024. Interest income amounted to ₱0.3 million in 2025 and 2024 (see Note 4).

7. Financial Assets at FVOCI

Movements in financial assets at FVOCI are as follows:

	2025	2024
Cost		
Balance at beginning of year	P7,251,633	P6,445,588
Disposals	(1,500,001)	-
Additions	-	806,045
Balance at end of year	5,751,632	7,251,633
Cumulative Net Unrealized Fair Value Gains		
Balance at beginning of year	1,837,313	764,918
Unrealized fair value gain	1,170,158	1,072,395
Realized gain	(600,000)	-
Balance at end of year	2,407,471	1,837,313
Carrying Amount	P8,159,103	P9,088,946

Financial assets at FVOCI include equity securities, which are measured at fair value. The fair values of the equity securities were determined based on published price quotations in an active market (Level 1). Management does not intend to dispose the financial assets at FVOCI within one year.

Dividend income on financial assets at FVOCI amounted to P12,295 in 2025 and P262,469 in 2024 (see Note 14).

8. Investment Properties

The balances and movements of this account are as follows:

	2025			
	Land	Condominium	Office Improvement	Total
Cost				
Balance at beginning of year	P135,127	P150,876,233	P7,693,282	P158,704,642
Additions	-	-	182,189	182,189
Balance at end of year	135,127	150,876,233	7,875,471	158,886,831
Accumulated Depreciation				
Balance at beginning of year	-	88,335,710	5,604,031	93,939,741
Depreciation	-	3,006,690	251,340	3,258,030
Balance at end of year	-	91,342,400	5,855,371	97,197,771
Carrying Amount	P135,127	P59,533,833	P2,020,100	P61,689,060
	2024			
	Land	Condominium	Office Improvement	Total
Cost				
Balance at beginning of year	P135,127	P150,876,233	P6,966,973	P157,978,333
Additions	-	-	726,309	726,309
Balance at end of year	135,127	150,876,233	7,693,282	158,704,642
Accumulated Depreciation				
Balance at beginning of year	-	85,329,020	5,319,565	90,648,585
Depreciation	-	3,006,690	284,466	3,291,156
Balance at end of year	-	88,335,710	5,604,031	93,939,741
Carrying Amount	P135,127	P62,540,523	P2,089,251	P64,764,901

The cost of fully depreciated investment properties still being used in operations amounted to ₱4.0 million as at December 31, 2025 and 2024.

Rental income generated from investment properties amounted to ₱20.2 million in 2025 and ₱21.8 million in 2024. Direct cost incurred pertains to real property taxes amounting to ₱0.5 million in 2025 and ₱0.3 million in 2024.

The fair value of investment properties amounting to ₱213.4 million as at December 31, 2025 and 2024. The fair value of investment property was arrived at by using the sales comparison approach (comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison) and has been categorized as Level 2 (significant observable inputs). Management sees no condition of impairment for the year 2025 and 2024.

Sensitivity Analysis. The following factors were considered in determining the market value of the subject property:

- property location and neighborhood data
- present use of the property is either commercial/residential/agricultural
- quantitative market value adjustments based on external and internal factors
- highest and best use (commercial and residential building/resort and its allied development)

Significant increase (decrease) in price per square meter would result in a significantly higher (lower) fair value measurement. Significant increase (decrease) in value adjustments would result in a lower (higher) fair value measurement.

Depreciation charged to operations are from the following (see Note 12 and 13):

	Note	2025	2024
Investment properties		₱3,258,030	₱3,291,156
Property and equipment	9	290,841	236,607
		₱3,548,871	₱3,527,763

9. Property and Equipment

The balances and movements of this account are as follows:

	2025					Total
	EDP Equipment	Office Equipment	Furniture and Fixtures	Transportation Equipment	Communication Equipment	
Cost						
Balance at beginning of year	₱2,840,682	₱1,494,346	₱1,275,100	₱795,536	₱542,916	₱6,948,580
Additions	—	492,435	—	—	—	492,435
Balance at end of year	2,840,682	1,986,781	1,275,100	795,536	542,916	7,441,015
Accumulated Depreciation						
Balance at beginning of year	2,795,848	1,291,995	1,227,055	159,107	542,916	6,016,921
Depreciation	22,417	89,436	19,881	159,107	—	290,841
Balance at end of year	2,818,265	1,381,431	1,246,936	318,214	542,916	6,307,762
Carrying Amount	₱22,417	₱605,350	₱28,164	₱477,322	₱—	₱1,133,253

	2024					Total
	EDP Equipment	Office Equipment	Furniture and Fixtures	Transportation Equipment	Communication Equipment	
Cost						
Balance at beginning of year	₱2,840,682	₱1,342,560	₱1,215,457	₱-	₱542,916	₱5,941,615
Additions	-	151,786	59,643	795,536	-	1,006,965
Balance at end of year	2,840,682	1,494,346	1,275,100	795,536	542,916	6,948,580
Accumulated Depreciation						
Balance at beginning of year	2,779,035	1,242,905	1,215,458	-	542,916	5,780,314
Depreciation	16,813	49,090	11,597	159,107	-	236,607
Balance at end of year	2,795,848	1,291,995	1,227,055	159,107	542,916	6,016,921
Carrying Amount	₱44,834	₱202,351	₱48,045	₱636,429	₱-	₱931,659

The cost of fully depreciated property and equipment still being used in operations amounted to ₱0.5 million and ₱0.2 million as at December 31, 2025 and 2024, respectively.

10. Accounts and Other Payables

This account consists of:

	2025	2024
Losses and claims payable - facultative	₱5,723,625	₱5,723,625
Due to reinsurers	1,026,054	1,026,054
Loss adjustment expense payable	222,175	222,175
Statutory payables	23,051	164,603
Losses and claims payable - treaty	20,153	850,023
Other payables	-	16,644
	₱7,015,058	₱8,003,124

Accounts payables are unsecured, noninterest-bearing and are normally to be settled in cash and on demand.

Losses and claims payable - facultative represents claims payable arising from facultative reinsurance arrangements facilitated by the Company in its capacity as an insurance broker.

Due to reinsurers represents payable amounts to reinsurance companies arising from premiums collected by the Company from ceding companies or clients but not yet remitted. These amounts are temporary in nature and are settled in accordance with treaty or facultative reinsurance agreements.

Loss adjustment expense payable consists of accrued expenses related to the investigation, processing, and settlement of insurance claims, including adjusters' fees and related professional costs, attributable to insurance brokerage transactions arranged by the Company.

Statutory payables pertain to various taxes and government-mandated contributions withheld by the Company. These are immediately settled in subsequent month.

Losses and claims payable - treaty pertain to claims payable under treaty reinsurance agreements, representing the Company's obligation to remit amounts due to reinsurers for claims that have been incurred but not yet settled as at the reporting date, in connection with insurance contracts arranged by the Company.

11. Retirement Liability

The Company accrues retirement cost of its employees based on the estimated cost of retirement benefit required under Retirement Pay Law.

Movements in the retirement liability are as follows:

	Note	2025	2024
Balance at beginning of year		P2,100,143	P1,857,739
Retirement expense	13	513,782	242,404
Balance at end of year		P2,613,925	P2,100,143

12. Cost of Services

This account consists of:

	2025	2024
Salaries and wages	P2,078,893	P3,928,518
Depreciation and amortization	159,107	159,107
Representation	117,785	—
Taxes and licenses	95,650	188,350
Insurance	35,803	33,635
Repairs and maintenance	21,700	—
Communication	20,226	19,800
	P2,529,164	P4,329,410

13. Operating Expenses

This account consists of:

	Note	2025	2024
Depreciation and amortization		P3,389,764	P3,368,656
Rent		1,419,355	1,635,454
Association and membership dues		1,366,570	2,661,326
Outside services		1,113,286	535,937
Salaries and employees' benefits		664,495	553,741
Taxes and licenses		522,927	567,159
Provision for retirement expense	11	513,782	242,404
Utilities		194,559	539,436
Commission		191,964	—
Insurance		187,719	209,609
Professional fees		175,720	218,316
Transportation and travel		118,646	143,271
Repairs and maintenance		84,050	274,897
Communication		63,923	61,985
Representation		6,476	—
Others		99,802	118,530
		P10,113,038	P11,130,721

14. Other Income

This account consists of:

	Note	2025	2024
Rental		₱20,198,198	₱21,750,834
Interest income	4	2,340,688	1,752,381
Realized gain on sale of financial assets at FVOCI		609,513	-
Dividend income	7	12,295	262,469
Others		-	7,847
		₱23,160,694	₱23,773,531

15. Related Party Transactions

The Company, in the normal course of business, has transactions with related parties as follows:

Related Party	Nature of Transaction	Note	Transactions during the Year		Outstanding Balance	
			2025	2024	2025	2024
Accounts Receivable Parent Company	Rental income	5	₱10,327,070	₱-	₱3,713,813	₱-
Accounts Payable Parent Company	Rental and consultancy fees		₱5,512,614	₱-	₱-	₱-
Due to Parent Company	Advances (payment of advances) for working capital		₱1,786,108	(₱3,649,797)	₱-	₱-

Due to Parent Company as at December 31, 2025 and 2024 are noninterest-bearing, unsecured and to be settled in cash and on demand.

Compensation of Key Management Personnel

The compensation of key management personnel amounted to nil in 2025 and ₱0.5 million in 2024.

16. Income Tax

The provision for current income tax represents regular corporate income tax (RCIT) in 2025 and 2024.

The income tax rates used in preparing the financial statements is 25% for RCIT and 2% for minimum corporate income tax as at and for the years ended December 31, 2025 and 2024.

The reconciliation between income tax at statutory tax rate and the provision for income tax in statements of income is summarized as follows:

	2025	2024
Income tax at statutory tax rate	₱2,726,576	₱2,165,886
Interest income already subjected to final tax	(585,172)	(445,074)
Realized fair value gain in investment in FVOCI	150,000	-
Nondeductible expenses	649	-
	₱2,292,053	₱1,720,812

The components of net deferred tax assets representing the temporary differences are as follows:

	2025	2024
Deferred tax assets:		
Allowance for ECL	P2,027,137	P2,027,137
Retirement liability	653,481	507,419
	<u>2,680,618</u>	<u>2,534,556</u>
Deferred tax liability -		
Accrued rent	37,637	191,230
Net deferred tax assets	<u>P2,642,981</u>	<u>P2,343,326</u>

17. Significant Agreements

Operating Leases

Company as a Lessor

The Company has various lease agreements with tenants for three (3) years. All lease agreements include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The Company recognizes rental income upon billing and receipt of rental advances.

Rental income is accounted for on a straight-line basis over the lease term. Rental income amounted to P20.2 million in 2025 and P21.8 million in 2024.

Accrued rent receivable amounted to P0.6 million and P0.3 million as at December 31, 2025 and 2024, respectively (see Note 5).

Rental deposit payable amounted to P6.5 million and P4.5 million as at December 31, 2025 and 2024, respectively. This deposit shall be refunded to the lessee upon termination of lease, net of outstanding obligations.

18. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents and accounts and other receivables (excluding accrued rent and advances to officers and employees), short-term and long-term investments, accounts and other payables (excluding statutory payables), and rental deposit payable. The main purpose of these financial instruments is to finance the Company's operations.

The main financial risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves the appropriate policies for managing these risks as summarized below.

Credit Risk

Credit risk is the risk when a counterparty fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents and accounts and other receivables (excluding accrued rent and advances to officers and employees).

The carrying amount of financial assets at amortized cost recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties having similar characteristics.

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

	2025			Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks and cash equivalents	P31,280,229	P-	P-	P31,280,229
Accounts and other receivables*	-	13,175,263	8,108,548	21,283,811
Short-term investment	15,512,756	-	-	15,512,756
Long-term investment	7,009,740	-	-	7,009,740
Financial asset at FVOCI	8,159,103	-	-	8,159,103
	P61,961,828	P13,175,263	P8,108,548	P83,245,639

*Excluding accrued rent and advances to officers and employees.

	2024			Total
	12-Month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	
Cash in banks	P2,341,928	P-	P-	P2,341,928
Accounts and other receivables*	-	6,505,287	8,108,548	14,613,835
Short-term investment	19,858,140	-	-	19,858,140
Long-term investment	22,091,345	-	-	22,091,345
Financial asset at FVOCI	9,088,946	-	-	9,088,946
	P53,380,359	P6,505,287	P8,108,548	P67,994,194

*Excluding accrued rent and advances to officers and employees.

Credit risk arises from default of counterparty with a maximum exposure equal to the carrying amount of the assets. Moreover, the Company limits the credit risk from balances with banks by dealing mainly with reputable and pre-approved financial institutions. The Company considers credit risk in measuring ECL of financial assets at amortized cost. Since the financial assets of the Company are considered to have low credit risk, impairment loss is limited to 12 months ECL. The Company has no concentration of credit risk.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

For credit impaired financial assets, this pertains to outstanding receivables from customers who were deemed uncollectible. The Company fully provides allowance for impairment losses on these accounts.

Liquidity Risk

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

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2025					Total
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	
Accounts and other payables*	P6,992,007	P-	P-	P-	P-	P6,992,007
Rental deposit payable	-	-	-	6,508,555	-	6,508,555
	P6,992,007	P-	P-	P6,508,555	P-	P13,500,562

*Excluding statutory payables.

	2024					Total
	Due and Payable on Demand	Less than 1 Year	1-2 Years	2-3 Years	Over 3 Years	
Accounts and other payables*	P7,838,521	P-	P-	P-	P-	P7,838,521
Rental deposit payable	-	-	-	4,508,555	-	4,508,555
	P7,838,521	P-	P-	P4,508,555	P-	P12,347,076

*Excluding statutory payables.

Capital Management

The primary objectives of the Company's capital management are to secure ongoing financial needs of the Company to continue as a going concern and to maintain strong financial position to support its current business operations and maximize shareholder value.

On October 19, 2018, the Insurance Commission issued Circular Letter 2018-52 setting the minimum capitalization and net worth requirements of an insurance and/or reinsurance broker existing before 2011 as follows:

	Paid-up Capital and Net Worth
Insurance OR reinsurance broker	P10,000,000
Insurance AND reinsurance broker	25,000,000

The minimum capitalization and net worth requirements must remain unimpaired for the continuance of the license.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statement of financial position. Capital for the reporting periods under review is summarized as follows:

	2025	2024
Total liabilities	P17,717,109	P14,611,822
Total equity	123,869,530	114,085,123
Debt-to-equity ratio	0.14:1.00	0.13:1.00

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended December 31, 2025 and 2024.

The Company is not subject to any externally imposed capital requirements and considers equity contributions from shareholders as its capital.

There were no changes in the Company's approach to capital management during the year.

19. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Company's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash in banks and cash equivalents	P31,280,229	P31,280,229	P2,341,928	P2,341,928
Accounts and other receivables*	13,175,263	13,175,263	6,505,287	6,505,287
Short-term investment	15,512,756	15,512,756	19,858,140	19,858,140
Long-term investment	7,009,740	7,009,740	22,091,345	22,091,345
Financial assets at FVOCI	8,159,103	8,159,103	9,088,946	9,088,946
	P75,137,091	P75,137,091	P59,885,646	P59,885,646
Financial Liabilities:				
Accounts and other payables*	P6,992,007	P6,992,007	P7,838,521	P7,838,521
Rental deposit payable	6,508,555	6,508,555	4,508,555	4,508,555
	P13,500,562	P13,500,562	P12,347,076	P12,347,076

*Excluding accrued rent and advances to officers and employees.

*Excluding statutory payables amounting to P23,051 and P323,541 as at December 31, 2025 and 2024, respectively.

Cash in Banks and Cash Equivalents, Accounts and Other Receivables (Excluding Accrued Rent and Advances to Officers and Employees), Short-term Investment, Accounts and Other Payables (Excluding Statutory Payables) and Rental Deposit Payable. Due to the short-term nature of transactions, the carrying amounts of these financial instruments approximate their fair values at the reporting date.

Long-term Investment. Management believes that the differences between fair values and carrying amounts are not significant.

Financial Assets at FVOCI. The fair values of these financial instruments are determined by reference to quoted market bid prices at the close of business on the reporting date since these are actively traded in organized financial markets.

20. Supplementary Information Required by the Bureau of Internal Revenue under Revenue Regulations No. 15-2010

Output VAT

Output VAT declared by the Company and the revenue subject to output VAT for the year ended December 31, 2025 are as follows:

	Gross Receipts	Output VAT
Vatable revenue	₱11,065,974	₱1,327,917
Sales to government	3,414,650	409,758
Total	14,480,624	1,737,675
Less: VAT payments		1,469,955
Input VAT claimed against output VAT		267,720
		₱-

The gross revenue shown above are based on gross receipts of the Company for VAT purposes while gross revenue in the statement of comprehensive income is in accordance with PFRS Accounting Standards.

Input VAT

The movements in the input VAT paid for by the Company for the year ended December 31, 2025 are shown below.

Balance at beginning of year	₱69,187
Add current year's domestic purchases or payments for:	
Services	154,320
Goods	44,213
Total available input VAT	267,720
Less application of input VAT	267,720
Balance at end of year	₱-

All Other Local and National Taxes

Details of the Company's local and national taxes paid or accrued for the year ended December 31, 2025 are as follows:

Real property taxes	₱513,357
Business permits and licenses	64,493
Others	40,727
	₱618,577

The above local and national taxes are classified under "Taxes and licenses" under "Cost of Services" and "Operating Expenses" account in the statement of comprehensive income.

Withholding Taxes

Withholding taxes paid and accrued and/or withheld by the Company for the year ended December 31, 2025 consist of:

	Paid	Accrued (Excess)	Total
Withholding taxes on compensation	₱158,452	(₱13,257)	₱145,195
Expanded withholding tax	47,682	360	48,042
	₱206,134	(₱12,897)	₱193,237

Withholding taxes payable is included as part of "Statutory payables" under "Accounts and other payables" account in the statements of financial position.

Tax Assessment and Tax Case

The Company has no ongoing tax assessment and tax cases with the BIR as at and for the year ended December 31, 2025.