

# COVER SHEET

		2	8	7	8	8			
--	--	---	---	---	---	---	--	--	--

S.E.C. Registration Number

M	A	K	A	T	I	F	I	N	A	N	C	E	C	O	R	P	O	R	A	T	I	O	N
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

3	R	D	F	L	O	O	R	M	A	Z	D	A	M	A	K	A	T	I
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

B	U	I	L	D	I	N	G	2	3	0	1	C	H	I	N	O	R	O	C	E	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

B	A	R	A	N	G	A	Y	M	A	G	A	L	L	A	N	E	S				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

A	V	E	N	U	E	M	A	K	A	T	I	C	I	T	Y	1	2	3	1		
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--

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

<b>MARCOS E. LAROSA</b>
-------------------------

Contact Person

<b>(02) 7751-8132</b>
-----------------------

Company Telephone Number

1	2	3	1
---	---	---	---

Month Day

Fiscal Year

**2025**

**PRELIMINARY INFORMATION STATEMENT**

<b>SEC Form 20 - IS</b>
-------------------------

FORM TYPE

<b>Financing</b>
------------------

Secondary License Type, If Applicable

0	7		
---	---	--	--

Month Day

Annual Meeting

**Every last Thursday of July**

M	S	R	D
---	---	---	---

Dept. Requiring this Doc.

--

Amended Articles Number/Section

<b>113</b>
------------

Total No. of Stockholders

Total Amount of Borrowings

--

Domestic

--

Foreign

-----  
To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

\_\_\_\_\_ LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

\_\_\_\_\_ Cashier

<b>STAMPS</b>
---------------

Remarks = pls. Use black ink for scanning purposes



**MAKATI FINANCE**  
CORPORATION  
MORE THAN JUST FINANCING

June 05, 2025

**SECURITIES AND EXCHANGE COMMISSION**

907 Makati Avenue, Salcedo Village, Bel-Air, Makati City, 1209

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**  
*Director, Markets and Securities Regulation Department*

**THE PHILIPPINES STOCK EXCHANGE, INC.**

6TH Floor, PSE Tower, 28TH Street cor 5th Avenue  
Bonifacio Global City, Taguig City

Attention: **ATTY. JOHANNE DANIEL M. NEGRE**  
OIC – Disclosure Department

Gentlemen:

We are sending herewith a copy of Makati Finance Corporation SEC FORM 20-IS Preliminary Information Statement in relation to Annual Stockholder's Meeting to be held on July 24, 2025 via remote communication.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

Very truly yours,

**MAKATI FINANCE CORPORATION**

Registrant

By:

**CHARITO S. ESPIRITU**

Chief Finance Officer/Compliance Officer



**MAKATI FINANCE**  
CORPORATION  
MORE THAN JUST FINANCING

NOTICE OF THE 2025 ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS  
MAKATI FINANCE CORPORATION

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of Makati Finance Corporation, will be held on 24 July 2025, Thursday, 11:00 a.m., through remote communication, with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 25 July 2024
4. Presentation and Approval of the 2024 Annual Report and 2024 Audited Financial Statements
5. Ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting
6. Declaration of Cash /Stock Dividends
7. Election of Directors
8. Appointment of Independent External Auditors
9. Other Matters
10. Adjournment

The record date for stockholders entitled to notice of and vote at the said meeting is 26 June 2025. Stockholders may attend through remote communication by registering at <https://sh.makatifinance.ph> between 2 July 2025 to 17 July 2025. Any instrument authorizing a proxy to act as such shall be uploaded and submitted as part of the registration process. In addition, Corporate Shareholders are required to upload and submit the corresponding duly notarized Board Resolution designating their proxy. The guidelines for attendance and participation through remote communication shall be made available to registered qualified stockholders.

Validation of proxies shall be on 18 July 2025, Friday, at 10:30 a.m. **WE ARE NOT SOLICITING PROXIES.** Electronic copies of the Information Statement, SEC Form 17-A, 2024 Annual Report and other pertinent documents, as may be necessary under the circumstances, shall be available at the Corporation's website and/or PSE Edge.

26 June 2024.

**ATTY. D. ENRIQUE O. CO**  
*Corporate Secretary*

## P R O X Y

The undersigned stockholder of MAKATI FINANCE CORPORATION (the "Corporation") hereby constitutes and appoints \_\_\_\_\_ as proxy to represent and vote **all shares of stock** registered in the name of the undersigned stockholder in the books of the Corporation at all meetings (annual or special) of the stockholders of the Corporation, including that to be held on **24 July 2025, Thursday, 11:00 a.m.** and at any postponement or adjournment thereof; provided that, in the absence of the Proxy, the Chairman of the meeting is hereby appointed as the Proxy. The Proxy is authorized to vote on all matters which may be taken up by the stockholders during the meeting(s). This proxy shall be valid for all other stockholders' meetings, whether annual or special, held within a period of five (5) years from the date indicated below, unless sooner revoked or superseded by the undersigned.

\_\_\_\_\_  
Date

\_\_\_\_\_  
NAME OF STOCKHOLDER

\_\_\_\_\_  
SIGNATURE OF STOCKHOLDER  
OR CORPORATE SIGNATORY

SECURITIES AND EXCHANGE COMMISSION  
**SEC FORM 20-IS**  
INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter **MAKATI FINANCE CORPORATION**

3. **MAKATI CITY, PHILIPPINES**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **28788**

5. BIR Tax Identification Code **000-473-966-000**

6. **3F Mazda Makati, 2301 Chino Roces Ave., Brgy. Magallanes, Makati City 1231**  
Address of principal office Postal Code

7. Registrant's telephone number, including area code **(+632) 7751-8132**

8. Date, time and place of the meeting of security holders

Date : **July 24, 2025**  
Time : **11:00 a.m.**  
Place : **via remote communication**

Link of Annual Stockholders' Meeting:

[https://edge.pse.com.ph/openDiscViewer.do?edge\\_no=2a4cd7a91912fe3cec6e1601ccee8f59](https://edge.pse.com.ph/openDiscViewer.do?edge_no=2a4cd7a91912fe3cec6e1601ccee8f59)

9. Approximate date on which the Information Statement is first to be sent or given to security holders **June 26 2025.**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<u><b>COMMON STOCK</b></u>	<u><b>273,900,122</b></u>

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes \_\_\_/\_\_\_ No \_\_\_\_\_

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**PHILIPPINE STOCK EXCHANGE** **Common Stock**

## PART 1. INFORMATION REQUIRED IN INFORMATION STATEMENT

### A. GENERAL INFORMATION

#### Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

The Annual Stockholders' Meeting ("ASM") of MAKATI FINANCE CORPORATION, (the "Company", the "Corporation", or "MFIN") will be held on **July 24, 2025, 11:00 a.m. via remote communication (Zoom)**. The complete mailing address of MFIN is: **3/F Mazda Makati Bldg, 2301 Chino Roces Ave. Brgy. Magallanes, Makati City, Philippines**. The approximate date on which the Information Statement is first to be sent or given shall be made available to the stockholders and/or security holders not later than **26 June 2025**.

#### Item 2. DISSENTERS' RIGHT OF APPRAISAL

Under Section 81, Title X of the Revised Corporation Code of the Philippines ("Revised Corporation Code"), a stockholder shall have the right to dissent and demand of the fair value of his shares in the following instances:

- (a) In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class or of extending or shortening the term of corporate existence;
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all substantially all of the corporate property and assets as provided in the code; and
- (c) In case of merger or consolidation.

The procedure to be followed in exercising the appraisal right of dissenting stockholders, how right is exercised, effect of demand and termination of right, when right to payment ceases, who bears costs of appraisal and notation on certificates/rights of transferee shall be in accordance with Section 82 to 86 of the Revised Corporation Code. A stockholder must have voted against any proposed corporate action in order to avail himself of the appraisal right.

There are no matters to be taken up in the stockholders' meeting which would warrant exercise of appraisal.

#### Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

Other than their election to the Board of directors, none of the incumbent Directors or Officers of the Company has any substantial interest, direct or indirect, in any matter to be acted upon in the Annual Stockholders' meeting.

None of the Company's Directors has informed the Corporation in writing that he intends to oppose any action to be taken in the Annual Stockholders' Meeting.

## B. CONTROL AND COMPENSATION INFORMATION

### Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Total number of common shares outstanding as of **May 31, 2025** is **273,900,122** with a par value of P1 per share. Pursuant to Article III, Section 4 of the Company's Amended By-Laws, every stockholder shall be entitled to one (1) vote for each share of the stock standing in his name in the books of the Company on the Record Date as fixed by the Board of Directors.

Every stockholder voting on the election of directors may cumulate such number of votes in accordance with Section 24 of the Corporation Code. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected: Provided, however, That no delinquent stock shall be voted. Unless otherwise provided in the articles of incorporation or in the by-laws, members of corporations which have no capital stock may cast as many votes as there are trustees to be elected but may not cast more than one vote for one candidate. Candidates receiving the highest number of votes shall be declared elected. Any meeting of the stockholders or members called for an election may adjourn from day to day or from time to time but not sine die or indefinitely if, for any reason, no election is held, or if there are not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock, or if there be no capital stock, a majority of the member entitled to vote.

Stockholders of record of the Company as of **June 26, 2025** ("the Record Date") shall be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

### SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS (MORE THAN 5% AS OF MAY 31, 2025)

#### *Security ownership of record/beneficial owners of more than 5% Equity*

Title of class	Name, address of record owner and relationship	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent Held
Common	Amalgamated Investment Bancorporation 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Record and beneficial owner	Filipino	* 119,382,512	43.59%
Common	Motor Ace Philippines, Inc. MC Briones St. Hi-way Magukay, Mandaue City	Record and beneficial owner	Filipino	* 68,134,381	24.88%
	<b>TOTAL</b>			<b>187,516,893</b>	<b>68.47%</b>

\* Note: Including shares lodged to PCD Nominee



## NOMINATIONS TO THE BOARD

The nomination committee is composed of: Mr. Alan Michael R. Cruz, Chairman, Mr. Robert Charles M. Lehmann and Mr. Asterio L. Favis, Jr. as members. Pursuant to the Company's Corporate Governance Manual, the Nomination Committee has pre-screened and shortlisted all candidates to be nominated as members of the Board of Directors. The Nomination Committee has considered the guidelines set forth in the Manual. The nominated individuals to be elected during the Stockholders' Meeting, for the term 2025 to 2026, are as follows:

1. Mr. Max Francisco Jose O. Borrromeo
2. Mr. Joel S. Ferrer
3. Mr. Jose Daniel R. Borrromeo
4. Mr. Maxcy Francisco Jose R. Borrromeo
5. Mr. Alan Michael R. Cruz
6. Mr. Robert Charles M. Lehmann
7. Mr. Asterio L. Favis, Jr.
8. Mr. Cristino L. Panlilio
9. Mr. Vincent Ee
10. Mr. Irineo A. Cases, Jr.
11. Ms. Carmen Therese L. Benitez

Mr. Alan Michael R. Cruz, Mr. Asterio L. Favis, Jr. and Mr. Irineo A. Cases, Jr. have been nominated by Mr. Robert Charles M. Lehmann as independent directors. There are no relations between Mr. Lehmann, Mr. Cruz, Mr. Favis and Mr. Cases up to the fourth degree either by consanguinity or affinity.

### Item 5. DIRECTORS AND EXECUTIVE OFFICERS

The Directors elected who shall serve for a term of one (1) year or until their successors shall have been elected, and their business experience for the last five years:

**Mr. Robert Charles "Bob" M. Lehmann**, 69, Filipino, is the Company's *Chairman*. He was elected as Director last October 20, 2017. He is currently the President and CEO of Amalgamated Investment Bancorporation (AIB). Also, Mr. Lehmann is concurrently a Trustee of Philippine Eagle Foundation. He has served 24 years in the banking industry in various senior positions here and abroad. His last position being the Executive Vice President of Security Bank. Prior to that, he was with Standard Chartered Bank in the region for many years, after several Philippine Country Manager positions with American and U.K. banks. He has been the President of the Investment House Association of the Philippines over 4 years. A graduate of Ateneo High School, he has an undergraduate degree in B.S. International Business and a Master's in Business Administration from the University of San Francisco.

**Mr. Max Francisco Jose O. Borrromeo**, 76, Filipino, is the Company's *Vice Chairman*. He has been a Director since 2000. Aside from being a Director of the Company, Mr. Borrromeo is currently a Director in the following companies: Honda Motor World, Inc., HMW Lending Investors, Dearborn Motors Co., Inc, Astron Gestus, Inc., Visayas Auto Ventures, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, and Salud Borrromeo Foundation, Inc. and Amalgamated Investment Bancorporation. He graduated with a Bachelor of Arts degree in Economics from the Ateneo de Manila University.

**Mr. Joel S. Ferrer**, 71, Filipino, is the Company's *Treasurer*. He has been a Director since 1998. Mr. Ferrer is currently the President of PARMAN Inc., a staffing company serving local and international clients. At the same time he also oversees his investments in a real estate company. Previous to this, he had worked for ERECSA, Inc. where he was the Executive Vice President. His

other work experience includes being an investment executive at the Summa International Bank of Indonesia and a Lending Officer at the Bank of America. He obtained his Master's Degree in Business Management from the Asian Institute of Management and completed the Strategic Business Economics Program of the University of Asia and the Pacific.

**Mr. Maxcy Francisco Jose R. Borromeo**, 51, Filipino, is the Company's *President* of Makati Finance Corporation. He joined the company in 2014 and was elected Director in 2016. Outside of Makati Finance Corporation, he is also the President of HMW Lending Investors, Inc. and MAPI Lending Investors, Inc. He also serves as Director of Honda Motor World, Inc., Motor Ace Philippines, Inc., Astron Gestus, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Borromeo Brother's Estate, Inc. and Mizukawa Motors Corporation. He is also a member of the Board of Trustees of Salud Borromeo Foundation, Inc. He graduated with a Bachelor of Arts degree in Political Science from the Ateneo de Manila University. He obtained his Master's degree in Applied Finance with a focus on banking from the University of Wollongong, Australia.

**Mr. Jose Daniel R. Borromeo**, 53, Filipino, he was elected as Director last July 28, 2016. He is the President and General Manager of Honda Motor World, Inc., Motor Ace Philippines, Inc., and Dream Honda, Inc. He is also the Managing Director of Borromeo Brothers Estate, Inc., Margarita Agro Industrial Corp., Tolar Development Corp. and , MC Bros. Development Corp. He is the President of Astron Gestus, Inc., Sakura Autoworld Inc., Cebu Maxi Management Corp., and Maxi Agricultural Corporation. He's the Corporate Planning Officer of Dearborn Motors, Inc. He graduated in Business Management degree major in Marketing from Hampshire College, New Hampshire, USA and completed his MBA in the University of Wollongong, Wollongong, Australia.

**Mr. Alan Michael R. Cruz**, 62, Filipino, he was elected as Independent Director last July 27, 2017. He is currently working as consultant of Merg Realty and Development Corporation since March 2021. He was the President and General Manager of Northpine Land, Inc. from June 2011 to December 2016. He was also the Real Estate Development Manager of San Miguel Properties, Inc. from March 2007 to June 2011. He also served as Vice President and Division Head of United Coconut Planters Bank (UCPB) from 2004-2007 and Vice President and OIC – Asset Management Division from 2000-2003. He graduated in 1985 from University of the Philippines with the degree of B.S. Architecture. He was also 10th placer in 1985 board examination.

**Mr. Asterio L. Favis, Jr.**, 72, Filipino, was elected as Independent Director of Makati Finance Corporation on July 25, 2019. He is currently working as a consultant for the Ateneo- BAP Institute of Banking and is an Independent Director of Philippine Business Bank. Mr. Favis had been in the banking industry for about 30 years, holding various senior positions. His last position was as Executive Vice President (EVP) of Sterling Bank of Asia from April 2007 to December 2013, where he served as Head, Treasury Group for two years, OIC of the Consumer Lending Group for one year, and EVP/Office of the President for three years. He was EVP/Head, Treasury Division of Philippine National Bank from November 2002 to March 2007. He also served SVP/Head of the Financial Markets Division at AB Capital & Investment Corporation from 1999 to 2002, and SVP/Head of the Treasury Division at Asianbank Corporation from 1990 to 1999. Prior to that, he was with PCI Bank from 1983 to 1990 as AVP/Head of Foreign Exchange for three years, VP/Head, Domestic Money Market for three years, and VP/Office of the President for one year. Mr Favis had also served as President of both the Money Market Association of the Philippines and the Foreign Exchange Association of the Philippines while in the industry. He graduated in 1976 from Ateneo de Manila University with a degree in B.S. Management Engineering (Cum Laude).

**Mr. Cristino L. Panlilio**, 73, Filipino, he was elected as Director of Makati Finance Corporation last July 29, 2021. Mr. Panlilio started his career as a banker for 20 years handling various senior positions in Far East Bank and PCI Bank. He later ventured into mining, chocolate manufacturing, sugar, water and food industries. Currently, he is the President and CEO of Balibago Waterworks

System, Inc. (BWSI), and Chairman and President of Conglow Properties, Inc. He is also a Board Director of Amalgamated Investment Bancorporation since 2020. His first big step towards entrepreneurship was when he invested in Universal Food Corporation, a ketchup manufacturing company and served as its President in 1992 to 1997. In mid-1997, he received an offer to buy out BWSI, after studying the proposal, Mr. Panlilio, together with a group of investors, officially took over BWSI and became its President and CEO in 1997 to 2010 and from 2013 to present. He also served as Managing Director of Pampanga Sugar Development Company, Inc. in 1994 to 2010. He also handled several positions in Government from August 2010 to May 2013, as Undersecretary of the Department of Trade and Industry and Managing Director of Board of Investments. He earned his AB Economics (Honor Student) & Master in Business Administration (A-grade average) degrees from the Ateneo de Manila University in 1973 and 1981, respectively. He completed his Advance Management Program from Wharton School of Finance, Philadelphia USA in 1984.

**Mr. Vincent Khoon Ann Ee, CFA**, 52, Singaporean, was nominated for election as Director of Makati Finance Corporation. Mr. Ee started his career in HSBC Asset Management in London, Hong Kong and New York handling various positions from 1996 to 2000. Currently, he is the Head of Investments, Asia in Schrodgers Wealth Management, Singapore. He is also a member of Investment Committee of Community Foundation of Singapore since 2014 and in Raffles Institution since 2018 as part of his Pro Bono activities. Mr. Ee was also the Chief Investment Officer and Portfolio Manager of Foord Asset Management, Singapore in 2012 to 2014. He was also the Fund Manager, Asia Ex-Japan Equities of Morgan Stanley Investment Management, Singapore in 2009 to 2012. He also served as Managing Director, Co-Founder and CEO of Libra Capital Management from 2007 to 2009. He also worked in Goldman Sachs Asset Management, Singapore as Fund Manager, Asia ex-Japan Equities from 2000 to 2007. He earned his Bachelor of Science (Econs) Accounting and Finance Degree in 1996, Second Class (Upper) Honours from London School of Economics and Political Science in London and is CFA Charterholder.

**Mr. Irineo A. Cases, Jr.**, 49, Filipino, has been nominated for election as an Independent Director of Makati Finance Corporation. Mr. Cases expertise in overseeing and managing business operations is attributed to his experience working in multiple industries. From 2005 to 2011, he served as a Director of MT Link Asia, a medical transcription outsourcing company. Additionally, Mr. Cases currently holds several positions, including President of Consolacion Unicredit Corp., Vice President for Sales/Marketing of Metro Credit Finance Corp., President of Metrografix Inc., and Managing Director of Cebon Construction Services. He earned his Bachelor of Fine Arts – Major in Advertising from Far Eastern University.

**Ms. Carmen Therese L. Benitez**, a 25-year-old Filipino, was elected as the Director of Makati Finance Corporation on January 23, 2024. She currently works as a Backend Software Engineer at Stripe, Inc. in New York City, USA. Prior to joining Stripe, she served as a Technical Lead and Forward Deployed Software Engineer at Palantir Technologies, focusing on their work with various Life Sciences Companies. During her college years, Ms. Benitez excelled as a Software Engineering Intern at Bloomberg LP, contributing to the Bloomberg terminal. She also participated in the Student Training in Engineering Program (STEP) Internship at Google. Ms. Benitez holds a B.S. in Computer Science/Math, with a Concentration in Economics, High Distinction, from Harvey Mudd College. She possesses strong programming skills in Java, Python, C++, JavaScript, TypeScript, NodeJS, ReactJS, and Spark.

## INDEPENDENT DIRECTORS

In accordance with SEC Memorandum Circular 5, Series of 2017, the Certification of Independent Directors executed by the aforementioned candidates for independent directors of the Corporation

are attached hereto as Annex “B-1”, “B-2” and “B-3”. Among the Directors, Alan Michael R. Cruz, Asterio L. Favis, Jr. and Irineo A. Cases, Jr. were elected as the three (3) Independent Directors of the Company at the 2024 Annual Stockholders’ Meeting.

## SENIOR MANAGEMENT

**Ms. Charito S. Espiritu**, CPA, 57, Filipino, is the Chief Finance Officer of Makati Finance Corporation. She is a highly accomplished Chief Finance Officer with over 30 years of experience in finance, banking, and administration. She is known for her proven ability to manage complex financial operations and lead teams across diverse industries.

Ms. Espiritu assumed the role of CFO at the company on September 16, 2024, bringing with her a wealth of expertise. Her career spans multiple senior leadership roles, including significant positions at Allied Banking Corporation, where she gained deep insights into banking and finance. She has also made notable contributions in other sectors, holding leadership roles at Pacific Plaza Condominium Corporation, New World Manila Bay Hotel, Roxaco Vanguard Hotels, Unicapital Inc., and GreenAntz Builders, Inc.

She earned a Bachelor of Science in Business Administration, majoring in Accounting, from the Philippine School of Business Administration in 1989. She later pursued a Master’s in Business Administration from the De La Salle University Graduate School of Business.

As a Certified Public Accountant (CPA), Ms. Espiritu’s credentials, combined with her extensive hands-on experience, uniquely position her to drive the company’s financial strategy and ensure sustainable growth.

**Atty. Danilo Enrique O. Co**, *Corporate Secretary and Legal Counsel*, 56, Filipino. Atty. Co has been serving the Corporation as its Corporate Secretary and Legal Counsel shortly after it went public in 2003. He is a Fellow at the Philippine Institute of Corporate Directors and is the Managing Partner of the Co Ferrer Ang-Co & Gonzales Law Offices, a full-service Philippine law firm specializing in corporate law. He is also a Director, Corporate Secretary and/or Asst. Corporate Secretary of various Philippine corporations, such as Amalgamated Investment Bancorporation, Bataan Water Services Corporation, Cuervo Appraisers Inc., Dearborn Motors Co. Inc., Empowerment Through Education Inc., HealthBlocks Inc., Joy~Nostalg Foundation Inc., Kalayaan College Inc., Maroon Studios Inc., Sakura Autoworld Inc., Santos Knight Frank Inc., Sleep Well Land Development Corporation, TalentScout Inc., The Studio of Secret 6 Inc., and Western Roadhouse Foods Inc. Atty. Co obtained his BS Business Administration (cum laude) and Law degrees from the University of the Philippines.

**Mr. Roberto C. Benares**, *Board Adviser*, a 72-year-old Filipino, was elected as a member of the Board of Directors of Makati Finance Corporation on 25 October, 2022. He is currently an Independent Director of COL Financial Group, Inc. since 2021 and has been serving as the President and CEO of Bank of Commerce (Philippines) since August 1, 2013. Additionally, he also serves as a Director and chairs the Information Technology Steering Committee (ITSC) and is a member of the Board Risk Oversight Committee (BROC). During his tenure as President and CEO, he played a crucial role in strengthening the Bank by establishing its superior service culture, which led to the accomplishment of its recent milestones. Prior to this, Mr. Benares served as the Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He began his banking career as an Assistant Treasurer at Bancom Development Corp. and later held the position of Vice President of Account Management at United Coconut Planters Bank. He has also worked as a Managing Director at Asian Alliance, Executive Vice President at Insular Investment & Trust Corporation, and Vice President at Philamlife. Mr. Benares holds a Bachelor of Science degree in Mechanical Engineering from De La Salle University and a Master's Degree in Business Management from the Asian Institute of Management.

## CERTIFICATION

A Certification that none of the above-named directors and officers works in the government is attached herein as Annex "A".

## FAMILY RELATIONSHIP

Mr. Maxcy Francisco Jose R. Borromeo and Mr. Jose Daniel R. Borromeo are sons of Mr. Max O. Borromeo.

## INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None of the Directors and Executive Officers were involved in any legal proceedings during the past five (5) years up to the latest date that are material to evaluation. Neither have they been convicted by final judgment in any criminal proceeding or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, not any action by any court or administrative body to have violated a securities or commodities law.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS – NOTE 18

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

<b>Name of Related Party</b>	<b>Relationship</b>	<b>Nature of Operations</b>	<b>Country of Incorporation</b>
Amalgamated Investment Bancorporation	Parent Company	Investment house	Philippines
Motor Ace Philippines, Inc.	Under common control	Motorcycle Trading Partner	Philippines
MAPI Lending Investors, Inc.	Under common control	Financing Company	Philippines
HMW Lending Investors, Inc.	Under common control	Financing Company	Philippines
Honda Motor World, Inc.	Under common control	Motorcycle Trading Partner	Philippines
Pikeville Bancshares	Under common control	Management Consultancy	Philippines
MERG Realty Development Corporation	Under common control	Real Estate Lessor	Philippines
Directors and other stockholders	Key management personnel	N/A	Philippines

The following transactions have been entered into with related parties:

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Outstanding Balances		Amount of transaction	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties
<i>Parent Company</i>							
Miscellaneous receivables	A	-	181,521	-	-	181,521	-
Notes payable	B	-	-	292,100,175	-	-	303,600,000
Availments		-	-	-	158,600,000	-	-
Settlements		11,499,825	-	-	46,100,000	-	-
Accrued Interest Payable	B	-	-	1,363,864	1,018,666	-	-
Interest expense		20,915,252	-	-	18,506,868	-	-
<i>Entities under common control</i>							
<i>Motor Ace Philippines, Inc.</i>							
Loans Receivable	F	3,245,294	-	-	9,773,940	-	-
Availments		-	-	-	-	-	-
Settlements		6,528,646	-	-	-	-	-
Miscellaneous receivables	A	-	328,078	-	-	320,703	-
Availments		7,375	-	-	22,599	-	-
Settlements		-	-	-	44,150	-	-
Accounts payable -Supplier	C	-	-	8,661,616	-	-	14,851,810
Availments		96,667,399	-	-	130,991,997	-	-
Settlements		102,857,593	-	-	130,596,637	-	-
Accounts payable	E	-	-	245,825	-	-	279,459
Availments		926,781	-	-	2,715,188	-	-
Settlements		960,414	-	-	2,479,191	-	-
<i>MAPI Lending Investors, Inc.</i>							
Miscellaneous receivables	A	-	1,477,772	-	-	1,477,772	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	Amount of transaction	2024		2023		
			<u>Outstanding Balances</u> Due from related parties	Due to related parties	<u>Outstanding Balances</u> Due from related parties	Due to related parties	
Accounts payable	E	-	-	86,543	-	-	78,479
Availments		11,284,043	-	-	26,206	-	-
Settlements		11,275,979	-	-	26,367	-	-
Short term placements	C	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Interest income		-	-	-	-	-	-
<i>HMW Lending Investors, Inc.</i>							
Loans Receivable	F	-	1,033,272	-	-	1,722,120	-
Availments		-	-	-	-	-	-
Settlements		688,848	-	-	-	-	-
<i>Honda Motor World, Inc.</i>							
Loans Receivable	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Miscellaneous receivables	A	-	180,714	-	-	180,714	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Accounts payable-Supplier	C	-	-	843,290	-	-	7,586,792
Availments		30,895,718	-	-	52,222,866	-	-
Settlements		37,639,220	-	-	47,599,533	-	-
Accounts payable	E	-	-	590,670	-	-	168,200
Availments		1,479,031	-	-	1,642,581	-	-
Settlements		1,056,562	-	-	1,592,324	-	-
<i>Pikeville Bancshares</i>							
Accounts payable	D	-	-	156,128	390,320	-	-
Professional fees	D	1,102,080	-	-	1,102,080	-	-
<i>Cebu Maxi Management Corp.</i>							
Professional fees	D	500,000	-	-	500,000	-	-
<i>MERG Realty Development Corp.</i>							
Miscellaneous receivables	A	-	18,057	-	-	18,057	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Due from related parties	Due to related parties	Amount of transaction	Due from related parties	Due to related parties
Notes payable	B			36,454,216	-	-	34,374,826
Availments		2,079,391	-	-	1,555,608	-	-
Settlements		-	-	-	-	-	-
Interest expense	B	2,446,342	--	-	1,830,127	-	-
<i>Felibon Realty, Inc.</i>							
Miscellaneous receivables	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
<i>Directors and other stockholders</i>							
Notes payable	B	-	-	18,914,495	-	-	21,808,761
Availments		4,122,461	-	-	12,276,328	-	-
Settlements		7,016,728	-	-	11,322,724	-	-
Interest expense	B	1,246,559	-	-	829,150	-	-
Professional and other management fees		-	-	-	-	-	-
<b>TOTAL</b>			<b>3,219,414</b>	<b>359,416,822</b>		<b>3,900,887</b>	<b>382,748,327</b>

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

- A. This includes various receivables from the Parent Company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement (Note 3). These related party receivables have a term of less than one year and include 7% interest per annum.
- B. As at December 31, 2024 and 2023, notes payable and accrued interest payable arising from borrowings from directors/stockholders amounted to P348.83 million and P360.80 million. Interest expense from these borrowings amounted to P24.61million and P21.17 million in 2024 and 2023, respectively (Note 9).
- C. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company..
- D. Professional Fees of management consultancy as at December 31, 2024 and 2023, amounted to P1.60 million and P1.60 million. Accrued Management Fee from consultancy amounted to P156 thousand and P390 thousand in 2024 and 2023, respectively (Note 9).
- E. Various Accounts Payable from the trading partner represent the purchase of repossessed motorcycle spare parts and the switching of collections.
- F. The Company has released car loan financing and business loan to its trading partner.

**Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

Information as to the aggregate compensation paid to Chairman and four mostly highly compensated executive officers, as well as other directors and officers during the last two completed fiscal years are as follows:

<b>SUMMARY COMPENSATION TABLE</b>				
<b>YEAR</b>	<b>NAME AND PRINCIPAL POSITION</b>	<b>SALARY/MANAGEMENT FEE</b>	<b>BONUS</b>	<b>OTHER COMPENSATION</b>
<b>2025</b> (Estimate)	Top 5 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Charito S. Espiritu – Chief Finance Officer Jonathan B. Pena – Chief Operating Officer	████████████████████	████████████████████	████████████████████
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	10,110,000	1,170,100	1,000,000
<b>2024</b> (Actual)	Top 5 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer (Jan-Oct) Charito S. Espiritu – Chief Finance Officer (Sept-Dec) Jonathan B. Pena – Chief Operating Officer	7,510,610	610,000	1,011,500
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,150,000	1,100,000	1,000,000
<b>2023</b> (Actual)	Top 4 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	8,847,040	700,000	875,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,150,000	1,100,000	1,000,000
2022 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	8,847,040	700,000	875,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,070,000	1,001,070	900,000
2021 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	8,847,040	700,000	875,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,070,000	1,001,070	900,000

Each director/member and the Chairmen of the Board and the Board Committees receive a per diem for every Board or Board Committee meeting attended as follows:

Type of Meeting	Directors/Members
Board Meeting	P 50,000.00 *
Board Committee Meeting	P 10,000.00 *

Note : \* gross of taxes

Name of Director	Total Compensation Received as a Director for the year 2024 *	Total Compensation Received as a Director for the year 2023 *
<b>Robert Charles M. Lehmann</b> <i>Chairman – Board of Directors</i>	P 800,000	P 875,000
<b>Max O. Borrromeo</b> <i>Vice Chairman – Board of Directors</i>	P 270,000	P 200,000
<b>Maxcy Francisco Jose R. Borrromeo</b> <i>President – Board of Directors</i>	P 200,000	P 270,000
<b>Joel S. Ferrer</b> <i>Treasurer – Board of Directors</i>	P 310,000	P 375,000
<b>Carmen Therese L. Benitez</b> <i>Director</i>	P 100,000	P
<b>Jose Daniel R. Borrromeo</b> <i>Director</i>	P 300,000	P 375,000
<b>Alan Michael R. Cruz</b> <i>Independent Director</i>	P 200,000	P 300,000
<b>Irineo A. Cases, Jr.</b> <i>Independent Director</i>	P 100,000	P 00,000
<b>Asterio L. Favis, Jr.</b> <i>Independent Director</i>	P 300,000	P 300,000
<b>Cristino L. Panlilio</b> <i>Director</i>	P 100,000	P 100,000
<b>Vincent Khoon Ann Ee</b> <i>Director</i>	P 350,000	P 400,000

Note : \* gross of taxes

The Company has an existing management contract with Cebu Maxi Management Corporation for advice and assistance to be provided by Mr. Max O. Borrromeo, Vice Chairman. There are no special compensatory plan or arrangement with any officer, which would give undue advantage over any other employee of the Company. No stock warrants or stock options on the Company's shares have been issued or given to the Directors or Executive Officers as a form of compensation for services rendered. The Compensation Committee has five members, one of whom is independent director namely: Joel S. Ferrer (Chairman), Alan Michael R. Cruz, Jose Daniel R. Borrromeo, Asterio L. Favis, Jr. and Cristino L. Panlilio.

## IDENTITY OF SIGNIFICANT EMPLOYEES

There is no person who is not an executive officer who is expected to make a significant contribution to the business of the company.

## **Item 7. INDEPENDENT PUBLIC ACCOUNTANTS**

The auditing firm of Isla Lipana & Co. is the incumbent external auditor of the Company for the calendar year 2024. The Company has complied with SRC Rule 68 (3)(b)(iv), regarding the rotation of external auditors or engagement partners every five years. Zaldy D. Aguirre is the partner in charge as the signing partner of the Company. The Audit, Related Party Transactions, and Board Risk Oversight Committee will recommend the re-appointment of Isla Lipana & Co. as the Company's external auditor for the year 2025 in the upcoming Stockholders' Meeting scheduled for July 24, 2025. This recommendation will be presented to the Board of Directors and Stockholders for approval and ratification at the scheduled Annual Stockholders' Meeting.

The representatives of the said firm are expected to be present at the shareholders' meeting. They will have the opportunity to make a statement if they so desire, and are expected to be available to respond to appropriate questions.

The Audit Committee is comprised of the following – Mr. Asterio L. Favis, Jr. as Chairman and Mr. Max O. Borromeo and Mr. Alan Michael R. Cruz as members.

### **Information on Independent Accountant and Other Related Matters**

#### **(A) External Audit Fees and Services**

For the annual statutory and regulatory engagements, including out-of-pocket expenses, MFIN has engaged Isla Lipana & Co. for professional services rendered as the independent auditor of MFIN, including the audit of MFIN's Annual Financial Statements and such services normally provided by an external auditor in connection with statutory and regulatory filings or engagements for those fiscal years.

Isla Lipana & Co. billed MFIN for audit fees totaling ₱ 450,000 and ₱ 394,240 for the years 2024 and 2023, respectively.

The Company has not engaged Isla Lipana & Co. for any tax-related service or any other professional services. The audit committee of MFIN regularly meets to tackle whatever issues that may come out of the regular audit of the company's external auditor and reports them to the BOD. Recommendations by the audit committee are then deliberated during the Board meetings.

#### **(B) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There had been no disagreements with Isla Lipana & Co. with regard to accounting policies and financial disclosures of the Company. Ms. Zaldy D. Aguirre, the engagement partner, the signing partner, are the appointed auditors of the Company for the Calendar Year ending December 31, 2024, and has not yet completed the five-year cap requirement of SEC.

## **Item 8. COMPENSATION PLANS**

No action is to be taken during the 2024 ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

## C. ISSUANCE AND EXCHANGE OF SECURITIES

### Item 9. AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

As approved by the Board of Directors and upon concurrence by the Stockholders of the Company, an annual dividend declaration policy was set up, amount of which will be equivalent to 30% of the Company's net earnings for the year.

For the year 2021, the Board of Directors approved the following: 30% of FY 2020 audited net income after tax of ₱10,827,303 is ₱3,248,191 of which is 50% was declared as stock dividend amounting to ₱1,624,095 in favor of the stockholders as of record date 26 August 2021 with distribution date not later than 21 September 2021.

For the year 2022, the Board of Directors approved the following: 30% of FY 2021 audited net income after tax of ₱ 9,704,406 is ₱ 2,911,322 of which is 50% was declared as stock dividend amounting to ₱ 1,455,661 in favor of the stockholders as of record date 25 August 2022 with distribution date not later than 21 September 2022.

For the year 2023, the Board of Directors approved the following: 30% of FY 2022 audited net income after tax of ₱ 17,853,098 is ₱ 5,355,929 of which is 50% was declared as stock dividend amounting to ₱ 2,677,921 in favor of the stockholders as of record date 24 August 2023 with distribution date not later than 20 September 2023.

For the year 2024, the Board of Directors approved the following: 30% of FY 2023 audited net income after tax of ₱ 12,923,549 is ₱ 3,877,065 of which is 50% was declared as stock dividend amounting to ₱ 1,938,532 in favor of the stockholders as of record date 22 August 2024 with distribution date not later than 18 September 2024.

In 2025, it is expected that the Board shall propose dividend declaration of 30% of FY 2024 Net Income after tax in the next BOD Meeting in July 24, 2025.

### SEC 49, REVISED CORPORATION CODE, REQUIRED DISCLOSURE

1. The material information on the current stockholders are found in the discussions on SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS (p. 3), SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS WITH DIRECT OWNERSHIP. A description of the voting and vote tabulation procedures used in previous meeting;
2. A description of the voting and vote tabulation procedures used in previous meeting; or members to ask questions and a record of the questions asked and answers given.

The voting procedures used in the previous meeting are found on p. 17 of the 2024 Definitive Information Statement. For each item for approval, the Chairman opened the floor for questions and comments from the Shareholders. The Corporate Secretary tabulated the votes and the results were recorded in the Minutes of the 2024 Annual Stockholders' Meeting of the Corporation.

3. The matters discussed and resolutions reached;
4. A record of the voting results for each agenda item;

The following matters and/or resolutions were discussed and approved during the 2024 Annual

Stockholders' Meeting:

- a. Minutes of the 2023 Annual Stockholders' Meeting of the Corporation held on 27 July 2023;
- b. 2023 Annual Report, together with the 2023 Audited Financial Statements;
- c. Ratification of the Acts, Contracts, Investments and Resolutions of the Board of Directors and Management;
- d. Declaration of Cash and Stock Dividends;
- e. Election of Directors;
- f. Appoint of Isla Lipana & Co. as the independent external financial auditors of the Corporation;

For the Election of the Board of Directors, there were eleven (11) nominees for the eleven (11) Board seats; each of the nominees received the unanimous vote of all of the shareholders present or represented by proxy during the meeting and were all elected to the Board of Directors. All other matters were approved by the unanimous vote of all of the shareholders present or represented by proxy during the meeting.

5. A list of the directors or trustees, officers and stockholders or members who attended the meeting;

The Stockholders who attended the 2024 Annual Stockholders' Meeting remotely and by proxy were recorded and certified by the Corporate Secretary, as follows:

<b>Total Number of Shares Outstanding</b>	<b>271,961,630</b>
Total No. of Shares of Stockholders Participating Remotely	2,885,884
<i>Percentage</i>	1.02%
Total No. of Shares of Stockholder Represented by Proxy	154,120,398
<i>Percentage</i>	56.67%
<b>Total Shares held by Stockholders Participating Remotely and by Proxy</b>	<b>156,976,282</b>
<b><i>Percentage</i></b>	<b>57.72%</b>
Total Shares Not Represented	114,985,348
<i>Percentage</i>	42.28%

The Directors and Corporate Officers who attended the 2024 Annual Stockholders' Meeting are as follows:

**Directors Present:**

ROBERT CHARLES M. LEHMANN	Chairman and Director
MAX O. BORROMEO	Vice-Chairman and Director
CARMEN THERESE L. BENITEZ	Director
JOSE DANIEL R. BORROMEO	Director
MAXCY FRANCISCO JOSE R. BORROMEO	President and Director
ALAN MICHAEL R. CRUZ	Independent Director
ASTERIO L. FAVIS JR.	Independent Director
JOEL S. FERRER	Treasurer and Director
IRINEO A. CASES, JR.	Director
CRISTINO L. PANLILIO	Director
VINCENT EE	Director

**Officers Present:**

DANILO ENRIQUE O. CO	Corporate Secretary and Legal Counsel
MARCOS E. LAROSA	Chief Finance Officer/ Chief Information Officer and Compliance Officer
ROBERTO C. BENARES	Board Adviser

1. Material information on the current stockholders, and their voting rights OWNERSHIP (p. 4), and TOP 20 STOCKHOLDERS (p. 29).
2. Appraisals and performance report for the board and the criteria and procedure for assessment

The appraisal and performance report for the board and the criteria and procedure for assessment are found in the discussions on COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE (p. 37).

3. Director's disclosures on self-dealing and related party transactions.

Directors disclosure on self-dealing and related party transactions are found in the discussions on CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS (pp. 9 to 12)

### **Item 10. MODIFICATION OR EXCHANGE SECURITIES**

No action will be taken at the annual meeting that will result in any modification or exchange of securities.

### **Item 11. FINANCIAL AND OTHER INFORMATION**

- (i) Brief description of the general nature and scope of the business
- (ii) Market information, Dividends, and Top 20 Stockholders
- (iii) Management Discussion and Analysis or Plan of Operation
- (iv) Statement of Management Responsibility for Financial Statements
- (v) Audited Financial Statements for the period ended December 31, 2024 – Annex "C"
- (vi) Interim Unaudited Financial Statements for the period ended March 31, 2025, - Annex "D";
- (vii) Management's Discussion and Analysis of Financial Condition and Results of Operations
- (viii) Notice of the 2025 MFIN Annual Meeting of the Stockholders in two (2) newspapers of general circulation shall be published on June 26 and 27, 2025. Affidavits of Publication shall be issued thereafter.

### **Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS**

No action is to be taken during the 2024 ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with MFIN; (ii) acquisition by MFIN or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of MFIN; or (v) liquidation or dissolution of MFIN.

### **Item 13. ACQUISITION OR DISPOSITION OF PROPERTY**

No action is to be taken during the 2024 ASM with respect to acquisition or disposition of any property of MFIN.

### **Item 14. RESTATEMENT OF ACCOUNTS**

No action is to be taken during the 2024 ASM with respect to restatement of any asset, capital or surplus account of MFIN.

## D. OTHER MATTERS

### Item 15. ACTION WITH RESPECT TO REPORTS AND PROPOSED ACTION

There is no action to be taken with respect to any report of MFIN or of its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of MFIN.

The following actions require approval from the stockholders during the 2025 ASM:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on July 27, 2024.
2. Presentation and Approval of the 2024 Annual Report and the 2024 Audited Financial Statements

*A copy of the 2024 Audited Financial Statements will be furnished to all shareholders as of Record Date, and the 2024 Annual Report will be presented during the Annual Stockholders' Meeting.*

3. Declaration of Dividends (50% cash and 50% stock)

*The dividend policy dictates that 30% of 2024 Net Income after Tax will be declared as dividends. It is expected that the Board shall proposed this in the next BOD Meeting in July 24, 2025.*

4. Ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting

*All acts and proceedings taken by the Directors and Corporate Officers relate mostly to the regular business transactions wherein the Board of Directors is required to act upon. These actions are subjected to annual review of the Company's independent auditors. Major items are as follows:*

- a. Approval of audited financial statements
- b. Approval of Corporate budget
- c. Election of Directors/Officers/Committees
- d. Approval of credit facilities
- e. Appointment of signatories to bank accounts
- f. Approval of dividends (cash/stock)
- g. Approval of the minutes of the previous meetings
- h. Execution of contracts and investments in the ordinary course of business

Upon prior written request, copies of the Minutes of the Meetings of the Board of Directors may be examined by stockholders of record as of Record Date at the office of the Corporate Secretary at Co Ferrer & Ang-Co Law Offices at 11/F Atlanta Center, 31 Annapolis St., Greenhills, San Juan, Metro Manila at a mutually agreed time, during regular office hours.

5. Appointment of Independent External Auditor for 2025

Except for the election of directors which is discussed in other parts of the report, there are no other matters that require the approval of stockholders.

## **Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

No action is to be taken with respect to any matter that does not require the submission to a vote of security holders.

## **Item 17. AMENDMENT OF CHARTER, BY-LAWS AND OTHER DOCUMENTS**

No action is to be taken during the 2024 Annual Stockholders' Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

## **Item 18. OTHER PROPOSED ACTION**

Other than the matters indicated in the Notice and Agenda included in this Information Statement, There no other actions proposed to be taken at the meeting.

## **Item 19. VOTING PROCEDURES**

The affirmative vote of stockholders present in person or by proxy representing at least a majority of the outstanding capital stock of the Corporation shall be sufficient to carry the vote for any of the matters submitted to a vote at the Annual Stockholders' Meeting. Matters to be approved under "Other Matters" of the agenda, if any, shall be approved by stockholders owning majority of the shares of stock present during the annual stockholders' meeting or such other voting requirement as may be mandated by law. Questions and comments from the Shareholders for each item for approval, may be entertained during the meeting.

The manner of voting and counting of votes will be as follows:

- a) Every stockholder entitled to vote shall have the right to vote, either in person or by proxy, the number of shares registered in his/her/their respective name of record as of the close of business hours of **July 02, 2025**. Only written proxies, signed by the stockholders and duly presented to the Corporate Secretary on or before **July 18, 2025** for inspection and recording shall be honored for purposes of voting.
- b) For the stock dividend declaration, approval shall require a majority vote by the stockholders entitled to vote.
- c) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder has a number of votes equal to the number of shares he owns, times the number of directors to be elected. The stockholder under this voting system has the option to (i) to cast all his votes in favor of one (1) nominee; or (ii) distribute those votes in the same principle among as many nominees as he shall see fit. Only candidates duly nominated during the meeting shall be voted by the stockholders entitled to vote or by their proxies.
- d) For the stock dividend declaration, approval shall require a majority vote by the stockholders entitled to vote.
- e) Unless required by law, or upon motion by any stockholder, voting need not be by ballot and will be done by show of hands and counted manually by the Corporate Secretary or by the appropriate motion for approval duly made and seconded by the shareholders, as verified by the Corporate Secretary. The Corporate Secretary, Atty. Danilo Enrique O. Co shall tabulate the votes.

## **Item 20. PARTICIPATION OF STOCKHOLDERS BY REMOTE COMMUNICATION**

To ensure the safety and welfare of its stockholders, directors, officers, and employees, the Company will dispense with physical attendance of stockholders at the meeting and will conduct the meeting online.

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote in absentia must register at <https://sh.makatifinance.ph> between 2 July 2025 to 17 July 2025.

## UNDERTAKING TO PROVIDE ANNUAL REPORT

The registrant undertakes to provide *without charge* to each stockholder a copy of the Company's Annual Report on SEC Form 17-A upon written request to the Company addressed to:

**CHARITO S. ESPIRITU**  
Chief Finance Officer  
Makati Finance Corporation  
3/F Mazda Makati Bldg.2301 Chino Roces Ave.  
Brgy. Magallanes 1231, Makati City

## SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MAKATI FINANCE CORPORATION**  
Issuer



**CHARITO S. ESPIRITU/ CFO/Compliance Officer**  
Signature and Title

**Date: June 05, 2025**

## FINANCIAL AND OTHER INFORMATION

### (i). Brief description of the general nature and scope of the business

Makati Finance Corporation (“MFC” or the “Company”) is a company providing quality financial services and advisory to its clients. The Company has been in the financial services sector since 1966, navigated its way out of the Asian Financial Crisis in 1997-1999, and was listed in the PSE following a successful initial public offering (IPO) in 2003. Since listing, MFC has posted net profits and has consistently declared 30% of its net income as dividends every year which is the Company’s dividend policy established in 2003. However, in 2019, the Company, upon the approval of its stockholders has declared a Special Stock Dividends amounting 12.9549278928% of the outstanding capital stock equivalent to a maximum of 30,000,000 shares of stocks, and was released out of its un-issued capital stock to stockholders of record as of 22 August 2019 with a payment date not later than 18 September 2019.

The Company’s has expanded its product lines from its traditional Rx Cashline, MFC Factors (receivables financing) Business Loans; Motorcycle (MC) Financing to include new financial products lines recently introduced by the company namely: corporate salary loans; personal loans; micro business loans; pension loans; car loans and leisure bikes financing. These loans are offered domestically, hence there are no foreign sales. Also, no government approval is needed to offer these products. The management continues to implement measures to ensure costs and expenses are managed accordingly and impose higher standards of credit evaluation to ensure quality of accounts and maintain high collection efficiency of loan repayments. MFC has also been innovating in order to be able to adapt to positive changes in the current business environment that will impact its operations.

### Corporate Mission Statement

The Company believes in reaching its goals by focusing on its mission as follows:

*“...to become one of the leading financial institutions in the country. Its objective is to become the best rather than the biggest. The Company pursues this objective through the following:*

- *Efficiency in all aspects of operations*
- *Client satisfaction at all levels of service*
- *In-depth market penetration*
- *Creativity in the provision of competent solutions*

*In the long run, Makati Finance sees itself as being the finance company known for excellence in financial service in its niche market.”*

MFC recognizes its role not only as a source of funding for consumers and businesses but as a partner to its clients in the improvement of their livelihood.

## History and Background

On February 17, 1966 the Company was incorporated as Makati Investment & Finance Corporation (MIFC) under SEC registration number 28788. MFC's commercial operations started with engaging in stock dealership functions, credit line extensions, and acceptance of private placements.

The Philippine economy was on an upswing during the 1990s. Consequently, the Company focused on expanding its operations and lending activities. Under the new management, the Company prioritized the growth of its loan portfolio to capitalize on the improving Philippine economy. It was during this time that MFC introduced new products and services, as well as established additional credit lines with major commercial banks.

In 2005, MFC ventured into motorcycle financing. Recognizing it as a growth area and a profitable market niche, MFC has since dedicated considerable effort to developing its MC Financing business line. As part of its strategy to expand this product, the Company has partnered with two motorcycle trading companies for its Luzon operations. MFC secured a contract granting it the rights of first refusal over the financing of motorcycle sales at these locations which remains in effect up to the present.

In the past years, MFC continued to foster a good business relationship with its motorcycle dealer partners, recognizing Motorcycle Financing as a cornerstone product line. Concurrently, the company has pursued efforts to diversify its product offerings by expanding collateral-based Business loans, Rx Cashline (Doctors loans), and introducing new product lines aimed at enhancing its loan portfolio balance and overall operations. Among the new products introduced were Personal Loans in 2016, Car Loans, and Corporate Salary Loans in 2017. Additionally, in 2018, MFC successfully launched Micro Business Loans, Pension Loans, and Leisure Bikes Financing as planned.

The on-going diversification and strategic positioning of existing partner dealers for the past three years expectedly reduced the share of Motorcycle Financing from 43% in 2018 to 33% in 2021, but still holds the biggest chunk of the total loan portfolio of MFC. Other existing products maintained its share as follows; Rx Cashline – 11%, MFC Factors – 6%, Business Loans – 32%, Car Loans & Leisure Bikes – 10% and Other products – 8%.

For the Year 2021, the Company released a total loans of ₱732 million, 23% lower or about ₱224 million versus ₱956 million in 2020, this is mainly due to the impact of COVID 19 pandemic as the Company became more stricter in credit evaluation especially on new accounts, while we continue to support in servicing our existing good customers. On the other hand, total collections amounted to ₱981 million, a decrease of 11% or about ₱118 million versus ₱1.1 billion in 2020. The net income of the Company amounted to ₱9.7 million, or about 8% lower versus ₱10.8 million in 2020, mainly due to the impact of CREATE law, correcting prior years deferred tax assets in the amount of ₱9.54 million. Without the income tax correction, the Company's Net income in 2021 should have been ₱19.24 million, 78% higher versus 2020.

Makati Finance Corporation (MFC) has achieved notable financial results in 2022. The Company reported an increase in Net Income of 84% compared to the previous year, which is a clear indicator of its strong financial performance. MFC's 41% increase in other income was a significant contributor to the overall increase in net income. This increase in other income was mainly due to the valuation of its ROPOA (Real and Other Properties Owned and Acquired) in its latest appraisal report.

The Loans Portfolio decreased by 6% from ₱ 871m in 2021 to ₱ 815m in 2022, this was mainly due to the Company's cautious approach in evaluating creditworthiness of new loan applicants. MFC mainly focused on servicing its existing and long-time clients, which ensured the quality of its loan portfolio and minimized the risk of default.

MFC's cautious approach to credit evaluation, coupled with its focus on servicing existing clients, has proven to be a sound strategy that has paid off. The Company's sound financial results are a testament to its commitment to responsible lending and prudent management of its assets.

In 2023, Makati Finance Corporation (MFC) demonstrated steady growth in key financial metrics compared to the previous year. The Company's topline, Interest Income, increased by 10% from ₱159 million in 2022 to ₱175 million in 2023. Similarly, Net Interest Income rose by 12% from ₱126 million in 2022 to ₱141 million in 2023, and Total Operating Income saw a 9% increase from ₱165 million in 2022 to ₱180 million in 2023. This growth was primarily attributed to improved collections in 2023, reflecting the Company's effective revenue generation strategies.

However, despite the positive performance mentioned above, there was a notable drop of 27.6% in Net Income, decreasing from ₱18 million in 2022 to ₱13 million in 2023. This decline was primarily driven by increased provisions for credit losses and provisions for impairment loss of repossessed assets in 2023. These measures were implemented as part of MFC's commitment to diligent financial stewardship and a proactive approach to managing credit risk.

In 2024, the Company delivered improved financial results, with total operating income rising by 10.9% to ₱199.72 million from ₱180.17 million in 2023. This growth was driven by a 3.6% increase in net interest margin, supported by higher interest income, which rose to ₱183.66 million. Despite a 10% increase in interest expense due to a higher cost of funds, core lending operations remained robust. Other income also saw strong growth of 36.6%, primarily due to a ₱21.57 million gain on the sale of investment property, along with modest increases in service charges. Operating expenses increased by 7.7% to ₱175.40 million, largely due to higher personnel costs, professional fees, and miscellaneous expenses. Notably, provision for credit losses declined significantly by 39.8%, reflecting improved asset quality. As a result, net income rose by 11.9% to ₱14.46 million, and total comprehensive income grew by 65.9% to ₱17.67 million. Despite these gains, earnings per share remained steady at ₱0.05.

## **Operating Departments and Units**

The Company has an Operations Group which comprises of several operating units that complements to each other's operating functions. The following is a brief description of each:

### **Sales Group**

This team is composed of various teams who were tasked in sourcing loan applications for various loan products of MFC, such as the Rx Cashline (Doctor's loans); Business Loans; Receivable Factoring; Motorcycle financing; Pension loans; Corporate salary loans; Personal loans; Micro business loans; pension loan; Car loans & Leisure Bike financing. Thoroughly evaluates each loan application and recommend/endorse the loan application to the Credit Committee for review and approval. Each team who handles each product is expected to produce quality accounts with the aim of achieving the pre-set targets and objectives for the year.

### **Marketing Team**

This Team is tasked to uplift or build up the company's image and provide support to the Sales Group by providing marketing materials and paraphernalia, implement marketing plans and strategies, provide promotional support for the various sales activities for each loan product. The

effort of the Marketing team is expected to help the Sales Group realize its goals and objective for the year 2021 and the coming years.

### **Credit & Verification Team**

The team is tasked to conduct online credit verification through NFIS/Loandex and CMAP facilities and other applicable credit agencies. A thorough credit and background verification is likewise being conducted through phone validation of all information contained in the loan applications submitted by clients. Further, to ensure veracity of the credit findings, actual field validation/personal visit, residence and neighborhood checking are being conducted by the team's field personnel to guarantee all data and information gathered are double checked and are valid, satisfactorily within the acceptable credit standard of the company.

Complete and adequate evaluation and stringent screening process for all loan applications to ensure quality account and repayment is the main objective of this team.

### **Loan Collections Team**

Monitoring the repayment of loan accounts is the responsibility of the Sales team for each of the loan products and collection sales representative (CSR) in the case of Motorcycle Financing. The subsidiary ledger of their respective approved clients contains the schedule of the loan amortization payments which are readily available given their authorized access to the Loans Management System (LMS) of the Company. Hence, the account officer (AO) for each loan products is well advised of the status of each account. AOs are expected to always be updated on client's repayments. Most clients repayment are covered by postdated checks, an authority to debit bank account or by way of assigned payroll ATM.

Clients, whose checks have bounced and or has missed their respective due dates are immediately advised by the AOs in charge to settle the payment as soon as possible with consequent late payment charges and handling fees. With this, it is important to take note that MFC normally evaluates the circumstances of bounced checks on a case-to-case basis to maintain profitable relations with their clients as much as possible. The CSRs, on the other hand, most often directly and personally collects the loan amortizations of Motorcycle Financing customers. Some customers prefer to pay directly to the branch office.

### **Remedial Team**

Customers that do not remit payment on the due date are classified as past due accounts while those that are more than 90 days past due are reclassified as delinquent accounts and are referred to the remedial team for follow up collection. Past due client who responded positively to the collection effort by the Remedial team are offered repayment schemes that will allow them to re-structure their accounts. For those who continuously refused to heed the collection demand of the Remedial team are endorsed to our accredited collection agencies. The last recourse, if all remedial measure fails is the endorsement of the account for Legal action or foreclosure of collateral as these accounts are already classified as delinquent. Motorcycle units are repossessed by MFC from loan accounts which are over 90 days past due. Clients may redeem upon payment of amortization in arrears.

Despite instituting a firm and stringent credit and collection policy, the Company maintains its goal of providing quality service to its clients.

## Employees

As of December 31, 2024, the Company accounted for a total of 156 employees, distributed as follows:

<u>Rank</u>	<u>2024 No. of Employees</u>	<u>Projected 2025 No. of Employees</u>
Officers	2	3
Managerial/Supervisory	25	27
Rank and File	120	138
<b>Total</b>	<b>147</b>	<b>168</b>

<u>Employment Status</u>	<u>No. of Employees</u>
Regular	132
Probationary	15
<b>Total</b>	<b>147</b>

The employees of the Company are not subject to any collective bargaining agreement (CBA).

## Properties

As part of its normal operations, the Company acquires or forecloses several properties that are mortgaged to secure customers' loans. There are no other mortgages or liens on these properties except those under the name of the Company. These properties have subsequently been transferred to the Company. The Company tries to eventually dispose or sell these properties. The list of these properties is found in the following table:

<b>List of Foreclosed Properties as of December 31, 2024</b>		
<b>Location</b>	<b>Size(s.qm)</b>	<b>Description</b>
(Farm Land) Santan St., Cityland Cityview II Farm Lot Subdivision, Barangay De Ocampo, Trece Martires City, Cavite (ROPA 1)	1,410	Transferred
(House and Lot) Blk 23, Lot 1, Montevista Hts., Subd.,Brgy. Dolores, Taytay, Rizal (ROPA 3)	181	Transferred
(House and Lot) Blk 23, Lot 2, Montevista Hts., Subd.,Brgy. Dolores, Taytay, Rizal (ROPA 4)	198	Transferred
(House and Lot-2storey )Lot 1-B, Blk 17, No. 26 Sardinia St., San Francisco Village, Barangay Muzon, Taytay, Rizal (ROPA 5)	157	Transferred
(Lot) Lot 15-F, Iruhin Central R1, Tagaytay City (ROPA 7)	2,231	Transferred
(Lot) Bo. of Labit West, Urdaneta, Pangasinan (ROPA 8)	6,374	Transferred
<b>TOTAL</b>	<b>10,551</b>	

## Legal Proceedings

There are no legal proceedings against the Company, except collection and/or foreclosure cases in the normal course of its operations.

## Submission of Matters to a Vote of Security Holders

No matter that require voting decisions were submitted to the Security Holders in the fourth quarter of the year 2024.

## OPERATIONAL AND FINANCIAL INFORMATION

### (ii) Market for Issuer's Common Equity and Related Stockholder Matter

#### Market Information

The Company was listed in the Philippine Stock Exchange on January 6, 2003.

On January 6, 2003 with authorized capital stock of ₱90 million, a total of 19.56 million shares of stock were offered to the general public in the company's Initial Public Offering (IPO). On November 6, 2007, the Board of Directors and Stockholders approved the increase in the Company's authorized capital stock to ₱300 million. On March 27, 2008, the Securities and Exchange Commission approved the Company's application for a follow-on offering to the general public of 75,500,000 new common shares and 7,598,892 secondary shares. But the sharp fall in stock prices locally and globally prompted the Board and Management to forego the planned additional public offering.

The latest available price information on Makati Finance's stock price is **₱ 1.65** per share as of **June 03, 2025**.

**Philippine Stock Exchange Market prices for the last two years were as follows:**

Quarter Ending	Market Prices	
	High	Low
June 2025	1.65	1.65
March 2025	1.63	1.63
December 2024	1.69	1.69
September 2024	1.81	1.40
June 2024	1.40	1.40
March 2024	1.72	1.60
December 2023	1.90	1.90
September 2023	2.00	2.00
June 2023	1.48	1.48
March 2023	2.10	2.10
December 2022	2.35	2.35
September 2022	3.12	3.12
June 2022	2.16	2.15
March 2022	2.20	2.20
December 2021	2.50	2.50
September 2021	2.40	2.40
June 2021	2.72	2.72
March 2021	2.53	2.53

## Holdings

### HOLDERS OF COMMON STOCK as of May 31, 2025 TOP 20 Stockholders

There are a total of 113 stockholders as of May 31, 2025

Name	Nat	Class	No. of Shares	Percentage
*AMALGAMATED INVESTMENT BANCORPORATION	FIL	A	77,841,803	28.42%
PCD NOMINEE CORPORATION (FILIPINO)	FIL	A	72,403,597	26.43%
*MOTOR ACE PHILIPPINES, INC.	FIL	A	57,601,615	21.03%
BORROMEO BROS. ESTATE INC.	FIL	A	10,188,103	3.72%
MF PIKEVILLE HOLDINGS, INC.	FIL	A	9,685,633	3.54%
GRACEFIELD CAPITAL HOLDINGS INC.	FIL	A	9,062,868	3.31%
ERIC B. BENITEZ	FIL	A	7,000,000	2.53%
MELLISSA B. LIMCAOCO	FIL	A	6,500,000	2.38%
GLENN B. BENITEZ	FIL	A	6,000,000	2.19%
RENE B. BENITEZ	FIL	A	5,500,000	2.00%
JOEL FERRER	FIL	A	5,000,000	1.83%
MICHAEL WEE	FOR	A	4,500,000	1.65%
MARY GRACE V. REYES	FIL	A	4,000,000	1.47%
SALUD BORROMEO FOUNDATION	FIL	A	553,755	0.20%
TERESITA B. BENITEZ	FIL	A	300,000	0.11%
MERG REALTY DEVELOPMENT LIMCAOCO, MELLISSA B., ITF MICHAELA LIMCAOCO	FIL	A	200,000	0.07%
BENITEZ, GLENN, ITF ANDREA C. BENITEZ	FIL	A	200,000	0.07%
BENITEZ, GLENN, ITF ALFONSO C. BENITEZ	FIL	A	200,000	0.07%
BENITEZ, GLENN, ITF ALESSANDRA C. BENITEZ	FIL	A	200,000	0.07%
SUB-TOTAL			271,552,584	99.14%
OTHER STOCKHOLDERS (93)			2,347,538	0.86%
GRAND TOTAL (113 stockholders)			273,900,122	100.00%

Note: \* Exclusive of uncertificated shares that were lodged to PCD Nominee.

Currently the Company is compliant in the PSE continuing listing requirement rule on minimum public ownership. The rule requires a 20% minimum public float. MFC has 24.11% public float.

## **Dividends**

As approved by the BOD and upon concurrence by the stockholders of the Company, an annual dividend declaration policy was set up, amount of which will be equivalent to 30% of the Company's net earnings for the year. For the year 2022, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱ 1,455,711. Fractional shares were paid in cash. For the year 2023, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱ 2,678,008. Fractional shares were paid in cash. For the year 2024, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to P 1,938,573. Fractional shares were paid in cash.

## **(iii) MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

### **Plans and Prospects for 2025**

The company demonstrated robust operational growth in 2024, with increases in both revenue and net income. While expenses rose, particularly in salaries and professional fees, effective cost management in areas such as credit losses and depreciation helped sustain profitability. The reduction in credit loss provisions signals an improvement in asset quality, while a positive turnaround in other comprehensive income further enhanced the company's overall financial performance, providing a strong outlook for future periods.

Looking ahead to 2025, the company's strategy will focus on enhancing profitability and operational efficiency. The discontinuation of motorcycle financing operations is expected to lead to significant reductions in operating expenses, further aligning with the goal of optimizing resource allocation and positioning the company for sustainable growth.

The key strategies for 2025 include leveraging digital marketing platforms to attract and engage potential borrowers, as well as recruiting and motivating agents through quarterly initiatives to ensure a consistent pipeline for loan product promotion and sales. The company also plans to attend key industry events, such as Doctor's Conventions and the SME Business Expo, to strengthen relationships with target groups like healthcare professionals and SMEs, ultimately generating more leads and boosting brand authority. Additionally, the company will enhance its data analytics capabilities to gain deeper insights into customer behavior, market trends, and competitor strategies, enabling more tailored product offerings. Lastly, a focus on continuous training and employee incentives will foster a culture of growth, innovation, and productivity, ensuring improved job satisfaction. With these initiatives, MFC is well-positioned for continued financial growth and expansion within the SME sector. The company's clear strategy, commitment to responsible lending, and strong management practices will help create lasting value for its stakeholders and customers, ensuring sustained success in the years ahead.

### **Discussion of Past Financial Performance**

#### **As of December 31, 2024**

#### **Results of Operation**

As of December 31, 2024, Makati Finance Corporation (MFC) demonstrated improved financial performance, marked by growth in both interest-based and non-interest income streams. Total operating income increased by 10.8% to ₱199.72 million, up from ₱180.17 million in 2023, largely driven by a combination of higher interest income and a strong increase in other income. Interest income grew by 4.8% to ₱183.66 million, supported by the expansion of interest-earning assets and favorable yields. However, interest expense rose by 10% to ₱38.12 million, reflecting increased funding costs, possibly due to a rising

interest rate environment or higher borrowing levels. Despite this, the Company's net interest margin still improved by 3.6%, reaching ₱145.54 million, indicating solid performance in core banking operations.

Other income rose significantly by 36.6% to ₱54.18 million, driven primarily by a ₱21.57 million one-time gain on the sale of investment property, which was absent in the previous year. Recurring components such as service charges increased by 7.2%, while miscellaneous income declined by 27.5%, possibly due to fewer extraordinary or incidental gains. The fair value adjustment on investment properties also saw a slight decrease. Overall, the non-interest income performance highlights the Company's ability to leverage asset sales and diversify revenue streams.

On the expense side, total operating expenses increased by 7.7% to ₱175.40 million, up from ₱162.91 million in 2023. This was mainly attributable to a 13.3% increase in salaries and employee benefits, consistent with workforce expansion or compensation adjustments. Management and professional fees rose sharply by 52.3%, potentially due to increased reliance on consultants, legal, or audit services. Meanwhile, miscellaneous expenses more than doubled, indicating either the impact of non-recurring items or broadened operational activities. Despite these cost increases, a major positive was the significant 39.8% reduction in provision for credit losses, which dropped to ₱19.35 million. This suggests a healthier loan portfolio and more prudent credit risk management during the year. Additionally, impairment losses on repossessed assets decreased by 74.2%, further underscoring asset quality improvement.

As a result of higher revenues and better credit risk outcomes, income before tax rose by 40.9% to ₱24.32 million. However, income tax expense more than doubled, increasing from ₱4.34 million to ₱9.86 million, which slightly offset the gains in pre-tax earnings. Despite this, net income still grew by 11.9% to ₱14.46 million. Notably, other comprehensive income swung from a loss of ₱2.27 million in 2023 to a gain of ₱3.21 million in 2024, driven likely by unrealized gains or favorable mark-to-market adjustments. This resulted in a 65.8% increase in total comprehensive income, which reached ₱17.67 million. Basic and diluted earnings per share remained flat at ₱0.05, indicating that the net income growth did not translate into higher per-share earnings, potentially due to an increase in outstanding shares or retained earnings.

Overall, the Company showed strong top-line growth, improved credit quality, and a more diversified income base. However, the rise in operating and tax expenses moderated bottom line growth, and consistent per-share earnings signal a need to focus on cost efficiency and capital optimization in the future.

### **Financial Condition and Capital Resources**

As of December 31, 2024, the Company's total assets stood at ₱1.14 billion, reflecting a slight decrease of 1.1% from ₱1.16 billion in the previous year. This marginal decline was driven primarily by reductions in non-current assets, particularly investment properties and right-of-use assets. Current assets increased by 18.2% to ₱673.15 million, fueled by a 21.2% growth in net loans and receivables, which rose to ₱535.27 million, indicating strong loan origination activity. On the other hand, cash decreased by 17.4% to ₱19.08 million, possibly reflecting higher disbursements or strategic allocation of funds toward earning assets. Other current assets also grew by 13.3%, supporting the overall expansion of the current asset base.

Non-current assets declined by 18.2% to ₱479.42 million, down from ₱586.47 million in 2023. The most notable reduction came from investment properties, which fell by ₱54.65 million or 35.6%, largely due to disposals, including a significant sale that contributed to

the gain recognized in income. The right-of-use asset also decreased significantly from ₱16.53 million to ₱4.55 million, likely due to lease expirations or terminations. Additionally, net non-current loans and receivables declined by ₱46.67 million, suggesting a reclassification to current assets or a shift in loan portfolio structure. Deferred tax assets showed a slight decrease, possibly reflecting changes in temporary tax differences or utilization of prior-year tax credits.

On the liabilities side, total liabilities dropped by 4.8% to ₱556.77 million, driven by a substantial decrease in non-current liabilities, which fell by ₱35.19 million. This was largely due to the full settlement of long-term notes payable and a reduction in lease liabilities, signaling improved liquidity and financial flexibility. Current liabilities rose modestly by 1.3%, mainly due to an increase in the current portion of notes payable, which grew to ₱510.32 million. However, this was partially offset by lower accounts payable and accrued expenses, which declined by a combined ₱13.03 million, reflecting better working capital management.

Total equity increased by 2.8% to ₱586.81 million, driven primarily by retained earnings, which grew by ₱10.59 million following improved profitability. Capital stock also increased slightly due to additional issuances or equity-based transactions. Notably, the remeasurement gain on retirement benefit obligation rose to ₱11.19 million, contributing positively to equity through other comprehensive income.

Overall, the Company maintained a strong financial position with a stable asset base and improved equity despite modest declines in total assets. The balance sheet reflects prudent capital management, a shift toward more liquid and income-generating assets, and a deliberate reduction in financial leverage through the repayment of long-term obligations.

### **Income before Income Tax**

The Company's income before income tax increased by 40.9% in 2024, rising to ₱24.32 million from ₱17.26 million in 2023. This growth was mainly due to higher total operating income, which grew by ₱19.55 million or 10.8%, driven by both a better net interest margin and a boost in other income. A key factor was a ₱21.57 million gain from selling investment property, showing effective use of non-core assets. Additionally, the provision for credit losses dropped by ₱12.83 million, indicating an improved loan portfolio. While operating expenses went up by ₱12.49 million, the increase was more than offset by higher revenue and lower credit losses. Overall, the increase in pre-tax income reflects the Company's strong performance, better asset management, and improved credit risk management.

### **Funds Generation**

We currently have a P350 million facility with Amalgamated Investment Bancorporation (AIB) and P550 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2025.

Currently, fund requirements are being met by loans, collections, and acceptance of private placements under the 19 lenders rule.

### **As of December 31, 2023**

#### **Results of Operation**

As of December 31, 2023, Makati Finance Corporation (MFC) has achieved 10% increase in its topline as the Interest Income grew by ₱16 million from ₱159 million in 2022 to ₱175

million in 2023. The growth in topline resulted in increase in Net Interest Income to ₱141 million, reflecting a 12% increase from the previous year's ₱126 million.

On the other hand, the Company's Total Operating Income experienced a growth of 9%, from ₱165 million in 2022 to ₱180 million in 2023. Despite these positive results, the Net Income declined by 27.6%, settling at ₱13 million compared to ₱18 million in 2022, primarily due to higher provisions for credit losses and impairment loss on repossessed assets, which consequently resulted to increase in Total Operating Expenses by 14.8% or ₱21 million, from ₱142 million in 2022 to ₱163 million in 2023.

### **Financial Condition and Capital Resources**

The Company's total assets as of December 31, 2023, were ₱1,155 million, and total liabilities increased by 6% or ₱34 million, from ₱551 million in 2022 to ₱585 million in 2023. This increase was mainly due to an increase in new loans released this year.

### **Income Before Income Tax**

As of December 31, 2023, the company's Income before tax amounted to ₱17 million, lower versus ₱23 million in 2022.

### **As of December 31, 2022**

#### **Results of Operation**

As of December 31, 2022, Makati Finance Corporation (MFC) has achieved impressive financial results, with an 84% increase in net income compared to the previous year. This increase was mainly due to the valuation of its Real and Other Properties Owned and Acquired, which contributed to a 41% increase in other income.

Total comprehensive income for 2022 was ₱22.06 million, a 33% increase compared to ₱12.85 million in 2021.

Total Operating Expenses remained almost the same at ₱141.9 million in 2022, versus ₱141.3 million in 2021.

MFC's Interest Income in 2022 amounted to ₱158.98 million, with breakdowns of ₱22.9 million from Rx Cashline, ₱57.4 million from MFC Factors and Business Loans, and ₱65.4 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

Earnings per Share increased to ₱0.07 from ₱0.04 in 2021.

### **Financial Condition and Capital Resources**

The Company's total assets as of December 31, 2022, were ₱1,114.14 million, and total liabilities declined by 18% or ₱118.76 million, from ₱669.81 million in 2021 to ₱551.05 million in 2022. This decline was mainly due to net loan payments from excess cash of the Company.

#### **Interest Income**

The interest income this year ended at ₱158.98.72 million in 2022 from ₱174.72 million in 2021, 9% lower vs last year, mainly due to lower loan releases during the PANDEMIC.

#### **Net Interest Income**

Net interest income amounted to ₱125.85 million in 2022, lower versus ₱138.83 million in 2021. This is mainly due to lower loan releases during the pandemic.

### **Other Income**

Other income (including gain on sale of repossessed assets) increased by ₱11.5 million, from ₱27.94 million in 2021 to ₱39.44 million in 2022, mainly due to the valuation of its Real and Other Properties Owned and Acquired in its latest appraisal report.

### **Income Before Income Tax**

As of December 31, 2022, the company's Income before tax amounted to ₱23.4 million, a bit lower versus ₱25 million in 2021.

### **As of December 31, 2021**

#### **Results of Operation**

The Company released a total loans of ₱732 million in 2021, 23% lower or about ₱224 million versus ₱956 million in 2020, this is mainly due to the impact of COVID 19 pandemic as the Company became more stricter in credit evaluation especially on new accounts, while we continue to support in servicing our existing good customers. On the other hand, total collections in 2021 amounted to ₱981 million, a decrease of 11% or about ₱118 million versus ₱1.1 billion in 2020. The Company's income before tax amounted to ₱25 million, or about 42% higher versus ₱17.5 million in 2020, driven by increase in miscellaneous income. However, the net income of the Company amounted to ₱9.7 million only, or about 8% lower versus ₱10.8 million in 2020, mainly due to the impact of CREATE law, correcting prior years deferred tax assets in the amount of ₱9.54 million. Without the income tax correction, the Company's Net income for FY2021 should have been ₱19.24 million, or about 78% higher versus FY2020.

The total comprehensive income in 2021 ended at ₱12.85 million, higher by 33% versus ₱9.63 million in 2020.

Net Operating Expenses in 2021 ended at ₱136.69 million, higher versus ₱124.16 million in 2020. Interest income in 2021 amounted to ₱174.7 million; major breakdown of which is ₱22 million from Rx Cashline, ₱67.89 million from MFC Factors and Business Loans and ₱77.1 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

As of December 31, 2021, Earnings per Share ended at ₱0.04 from ₱0.04 in 2020.

#### **Financial Condition and Capital Resources**

Total assets as of December 31, 2021 ended at ₱1,212.3 million, almost 8% lower versus ₱1,314.3 million in 2020. On the other hand, total liabilities also declined by ₱113.26 million, from ₱783.07 million in 2020 to ₱669.81 million in 2021 mainly due to net loan payments amounting to ₱121.69 million during the year.

#### **Interest Income**

The interest income this year ended at ₱174.72 million in 2021 from ₱164.1 million in 2020, 6% higher vs last year, mainly due to better collections on financial products that yields higher effective interest rates.

#### **Net Interest Income**

Net interest income amounted to ₱138.83 million in 2021, higher versus ₱121.53 million in 2020. This is mainly due to better collections on financial products that yields higher effective interest rates.

### **Other Income**

Other income (including gain on sale of repossessed assets) increased by ₱2.64 million, from ₱20.91 million in 2020 to ₱22.85 million in 2021, mainly due to better collections on financial products that yields higher effective interest rates and collected late payment charges.

### **Income Before Income Tax**

As of December 31, 2021, the company's Income before tax amounted to ₱25.00 million, higher versus ₱17.57 million in 2020, mainly due to better collections on financial products that yields higher effective interest rates.

### **As of December 31, 2020**

### **Results of Operation**

The Company released a total loans of ₱956 million in 2020, 9% lower or about ₱100 million versus ₱1.05 billion in 2019. On the other hand, total collections amounted to ₱1.1 billion, an increase of 15% or about ₱142 million versus ₱962 million in 2019, which resulted to a net income of ₱10.8 million, or about 50% lower versus ₱21.7 million in 2019, mainly due to the impact of COVID 19 pandemic

Total operating income (including gain on sale of repossessed assets and net of interest expense) ended at ₱141.74 million in 2020, 19% lower versus ₱175.7 million in 2019. The decline was mainly due to the impact of COVID 19 pandemic in which lockdowns were implemented by Government to minimize the spread of the virus in 2020, as well as the implementation of Bayanihan 1 and 2 which affect collections from consumer loans which yields higher effective interest rates. As a result, generated interest income amounted only to ₱164.1 million in 2020 from ₱173.3 million in 2019.

Net Operating Expenses in 2020 ended at ₱120.9 million, lower versus ₱133.3 million in 2019 as a result of the cost saving measures implemented by the Company.

Interest income in 2020 amounted to ₱164.1 million; major breakdown of which is ₱25.5 million from Rx Cashline, ₱55.4 million from MFC Factors and Business Loans and ₱75.5 million from Motor Vehicle (MC/Car/Leisure Bikes) Financing.

As of December 31, 2020, Earnings per Share ended at ₱0.04 from ₱0.09 in 2019.

### **Financial Condition and Capital Resources**

Total assets as of December 31, 2020 ended at ₱1,314.4 million, almost same level versus ₱1,333.56 million in 2019. On the other hand, total liabilities also declined by ₱25.6 million, from ₱808.67 million in 2019 to ₱783.07 million in 2020 mainly due to net loan payments amounting to ₱22.92 million during the year.

### **Interest Income**

The interest income this year ended at ₱164.1 million in 2020 from ₱173.3 million in 2019. This is mainly due to the impact of COVID 19 pandemic during the year, in which several lockdowns were implemented by Government to minimize the spread of the virus in 2020, as well as the implementation of Bayanihan 1 and 2 which affect collections from consumer loans which yields higher effective interest rates.

### **Net Interest Income**

Net interest income amounted to ₱121.53 million in 2020, lower versus ₱147.36 million in 2019. This is mainly due to the impact of COVID 19 pandemic during the year.

**Other Income**

Other income (including gain on sale of repossessed assets) dropped by ₱5.13 million, from ₱28.34 million in 2019 to ₱23.21 million in 2020, mainly due to the impact of COVID 19 pandemic during the year.

**Income Before Income Tax**

As of December 31, 2020, the company's Income before tax amounted to ₱17.57 million, lower versus ₱34.41 million in 2019, mainly due to the impact of COVID 19 pandemic during the year.

**Funds Generation**

We currently have a ₱339 million facility with Amalgamated Investment Bancorporation (AIB) and ₱347 million term loan financing with various financial institutions. The Company is in discussion with other financial institutions to secure credit loan facilities to finance MFC's growth potential in 2021.

Currently fund requirements are being met by loans, collections, acceptance of private placements under the 19 lenders rule.

## KEY PERFORMANCE INDICATORS:

Following are the top five (5) key performance indicators of the Company.

**MAKATI FINANCE CORPORATION  
SCHEDULE SHOWING FINANCIAL SOUNDNESS  
PURSUANT TO SRC RULE 68, AS AMENDED  
DECEMBER 31, 2024**

	2024	2023
<b>SOLVENCY AND LIQUIDITY RATIOS</b>		
Current ratio	123.37%	105.75%
Debt to equity ratio	94.88%	102.40%
Quick ratio	101.60%	86.27%
<b>PROFITABILITY RATIOS</b>		
Return on assets	1.26%	1.12%
Return on equity	2.46%	2.26%
Net profit margin	7.24%	7.17%
<b>ASSET TO EQUITY RATIO</b>	<b>194.88%</b>	<b>202.40%</b>
<b>INTEREST RATE COVERAGE RATIO</b>	<b>1.64</b>	<b>1.50</b>
<b>OTHER RELEVANT RATIOS</b>		
Ratio or percentage of total real estate investments to total assets	8.63%	13.26%
Total receivables to total assets	75.03%	70.15%
Total DOSRI receivables to net worth	0.58%	1.10%
Amount of receivables from a single corporation to total receivables:		
Motor Ace Philippines, Inc. (MAPI)	0.02%	0.04%
Honda Motor World, Inc.	0.04%	0.02%
Amalgamated Investment Bancorporation	0.02%	0.02%
HMW Lending Investors, Inc.	0.17%	0.40%
MAPI Lending Investors, Inc.	0.14%	0.28%

Computation for the Ratios:

- Current Ratio = Current Assets/Current Liabilities
- Debt to Equity Ratio = Total Liabilities/Total Equity
- Quick Ratio = Quick Assets/Current Liabilities
- Return on Assets = Net Income After Tax/Total Assets
- Return on Equity = Net Income After Tax/Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity

## CORPORATE GOVERNANCE

### COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

Makati Finance shall set up an evaluation system that will determine and measure compliance with the Manual on Corporate Governance.

Measures undertaken by MFC for full compliance with the adopted leading practices on good corporate governance includes election of independent directors and creation of the Nomination Committee starting year 2003 and continued up to the present time. Each incumbent director of MFC underwent seminars on good corporate governance in year 2003. The Company submitted to the SEC its Revised Anti-Money Laundering Manual as mandated by Republic Act 9160, as amended by Republic Act. No. 9194 on October 28, 2004. Also, the Company submitted the Audit Charter Manual. Lastly, the Company's By-Laws shall be amended to incorporate provisions on independent directors. Deviations from the Company's Manual on Corporate Governance are not applicable. With regards to plans on improving corporate governance of the Company, Makati Finance is already adopting the International Accounting Standards in the presentation of its financial statements with the help of its external auditors. Communications are open with Isla Lipana & Co. with regards to further compliance with the IAS.


In reference to SEC Memorandum Circular No.15 Series of 2017, The Company shall no longer be required to file a Consolidated Changes in the ACGR. Pursuant to its regulatory and supervisory power under the Section 5 of the Securities Regulation Code, mandates all companies to submit an Integrated Annual Corporate Governance Report (I-ACGR). Beginning 2018, covering the information for the year 2017, the I-ACGR will be replacing the ACGR and the PSE CG Disclosure Survey.


Document	Submitted to	Date of Submission
2021 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 15, 2022
	The Philippine Stock Exchange, Inc. (PSE)	
2022 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 15, 2023
	The Philippine Stock Exchange, Inc. (PSE)	
2023 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 29, 2024
	The Philippine Stock Exchange, Inc. (PSE)	
2024 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 30, 2025
	The Philippine Stock Exchange, Inc. (PSE)	


# SIGNATURES


Pursuant to the requirement of the Securities Regulation Code, this Preliminary Information Statement (SEC 20-IS) is to be signed on its behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 05 JUN 2025, 2025.


By:


  
**ROBERT CHARLES M. LEHMANN**  
Chairman of the Board

  
**MAXCY FRANCISCO JOSE R. BORRROMEO**  
President

  
**MAX O. BORRROMEO**  
Vice Chairman

  
**JOEL S. FERRER**  
Treasurer

  
**CHARITO S. ESPIRITU**  
Chief Finance Officer/Compliance Officer

  
**DANILO ENRIQUE O. CO**  
Corporate Secretary

**SUBSCRIBED AND SWORN** to before me this 05 JUN 2025 2025, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

<u>NAME/NO.</u>	<u>GOVT.I.D.</u>	<u>PLACE OF ISSUE</u>
ROBERT CHARLES M. LEHMANN	TIN <u>200-100-001</u>	
MAXCY FRANCISCO JOSE R. BORRROMEO	TIN <u>100-000-000</u>	
MAX O. BORRROMEO	TIN <u>100-170-000</u>	
JOEL S. FERRER	TIN <u>100-270-100</u>	
CHARITO S. ESPIRITU	TIN <u>107-121-702</u>	
DANILO ENRIQUE O. CO	TIN <u>101-000-000</u>	

Doc No. 307  
Page No. 63  
Book No. XXVI  
Series of 2025

## NOTARY PUBLIC



**ATTY. RENE M. M. VILLA**  
NOTARY PUBLIC OF MAKATI CITY  
APPOINTMENT NO. M-110  
(REH) (2025-2026)  
UNTIL DECEMBER 31, 2026  
PTR NO. 10467471, 01-03-2025, MAKATI CITY  
I&P LIFETIME NO. 013595; 12-27-2013; I.C.  
ROLL NO. 37226  
MCLE COMPLIANCE NO. VIII-0012754; 08-27-2024  
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM  
3650 DAVILA ST., TEJEROS, MAKATI CITY

REPUBLIC OF THE PHILIPPINES )  
 ) S.S.


**QUEZON CITY CERTIFICATION**

I, **DANILO ENRIQUE O. CO**, Filipino, of legal age and with office address at 11F Atlanta Centre, 31 Annapolis St., San Juan, after having been duly sworn to in accordance with law do hereby declare that:

1. I am the duly elected and incumbent Corporate Secretary of Makati Finance Corporation.
2. I hereby certify that, to the best of my knowledge, none of the 2025 nominees for the Board of Directors of Makati Finance Corporation named below currently works with the Philippine government, or any of its departments, agencies, branches or other offices:

CARMEN THERESE L. BENITEZ  
 MAX O. BORROMELO  
 MAXCY FRANCISCO JOSE R. BORROMELO  
 JOEL S. FERRER  
 JOSE DANIEL R. BORROMELO  
 IRINEO A. CASES JR.  
 ALAN MICHAEL R. CRUZ  
 VINCENT EE  
 ROBERT CHARLES M. LEHMANN  
 ASTERIO L. FAVIS JR.  
 CRISTINO L. PANLILIO

3. This certification is being issued as part of the disclosure requirements of the Securities and Exchange Commission.

  
**DANILO ENRIQUE O. CO**  
*Affiant*

04 JUN 2025

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ at \_\_\_\_\_ affiant personally appeared before me and exhibited his Competent Evidence of Identity consisting of \_\_\_\_\_ issued at DFA Manila valid until 29 June 2031.

Doc No. 917 ;  
Page No. 70 ;  
Book No. XVI ;  
Series of 2025.

MFC-CERT GOV 2025 (dis/hannah)

  
**ATTY. FELIZARDO M. IBARRA**  
 Notary Public for Q.C/Until Dec. 31, 2025  
 Roll No. 80835  
 PTR No. 6986788D/Jan.07, 2025/Q.C.  
 IBP No. 331161(2024-2025)/Q.C  
 MCLE Comp. No. VIII-0000973(04/15/2022-04/14/2025)  
 Admin. Matter No. NP: 088(2025-2026)  
 Quirino Highway Brgy., Katigayunan Q.C.

**CERTIFICATION OF INDEPENDENT DIRECTOR**

I, **MR. ALAN MICHAEL R. CRUZ**, Filipino, of legal age and a resident of address at [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

- I am a nominee for independent director of **Makati Finance Corporation ("MFIN")** and have been its independent director since July 27, 2017.
- I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
MERG REALTY AND DEV CORP.	Consultant	March 2021 to present
NORTHPINE LAND INC.	President and General Mgr.	June 2011 – Dec.2016
SAN MIGUEL PROPERTIES, INC.	Real Estate Development Mgr.	March 2007 – June 2011
UNITED COCONUT PLANTERS BANK (UCPB)	VP and Division Head, Corporate Service Division	2004 – 2007
UNITED COCONUT PLANTERS BANK (UCPB)	VP and OIC, Asset Management Division	2000 – 2003
BELLE CORPORATION	Asst. VP–Construction Division	1995 – 2000
KREUZ MANAGEMENT	Assistant Vice President	1988 – 1994
A.R. CRUZ & PARTNERS	Managing Director	1989 – 1995
WEISBERG, CASTRO & ASSOCIATES, NEW YORK, USA	Project Architect	1988 – 1989
BRENNAN BEER GORMAN ARCHITECTS, NEW YORK, USA	Designer	1986 – 1988

- I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Makati Finance Corporation**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission ("SEC").
- I am not related to any director/officer/substantial shareholder of **Makati Finance Corporation** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
- To the best of my knowledge, I am not subject to any pending criminal or administrative investigation or proceeding.
- I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, the Code of Corporate Governance and other SEC issuances.
- I shall inform the Corporate Secretary of **Makati Finance Corporation** of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 28th day of May 2025 at Makati City, Philippines.

[REDACTED SIGNATURE]

**ALAN MICHAEL R. CRUZ**  
Affiant

05 JUN 2025

MAKATI CITY

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ affiant personally appeared before me and exhibited his Tax Identification Number 103-569-603.

Doc No. 304  
Page No. 62  
Book No. XXVI  
Series of 2025



**ATTY. RENE MA. M. VILLA**  
 NOTARY PUBLIC OF MAKATI CITY  
 APPOINTMENT NO. M-110  
 (REID) (2025-2026)  
 UNTIL DECEMBER 31, 2026  
 PTR NO. 10467471, 01-03-2025, MAKATI CITY  
 I&P LIFETIME NO. 013595; 12-27-2013; I.C  
 POLL NO. 37226  
 MCLE COMPLIANCE NO. VIII-0012754; 08-27-2024  
 GROUND FLOOR, MAKATI TERRACES CONDOMINIUM  
 3650 DAVILA ST., TEJEROS, MAKATI CITY

REPUBLIC OF THE PHILIPPINES)  
 MAKATI CITY ) S.S.

**CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR**

I, **MR. ASTERIO L. FAVIS, JR.**, Filipino, of legal age and a resident of address at [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Makati Finance Corporation ( "MFIN" )** and have been its independent director since July 25, 2019.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Favis Devt. and Management Corp	Treasurer / Director	1983 to present
Aspirations International, Inc.	Treasurer / Director	1995 to present
Philippine Business Bank	Independent Director	2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Makati Finance Corporation**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission ("SEC").
4. I am not related to any director/officer/substantial shareholder of **Makati Finance Corporation** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject to any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, the Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Makati Finance Corporation** of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 28th day of May 2025 at Makati City, Philippines.

[REDACTED SIGNATURE]  
**ASTERIO L. FAVIS, JR.**  
 Affiant

**05 JUN 2025**

**MAKATI CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ affiant personally appeared before me and exhibited his Tax Identification Number 108-160-842

Doc No. 306  
 Page No. 67  
 Book No. XXV  
 Series of 2025



**ATTY. RENE MA. M. VILLA**  
~~NOTARY PUBLIC OF MAKATI CITY~~  
 APPOINTMENT NO. M-110  
 (REID) (2025 2026)  
 UNTIL DECEMBER 31, 2026  
 PTP NO. 104 17471, 01-03-2025, MAKATI CITY  
 IVP LICENSE NO. 013595; 12-27-2013; I.C  
 ROLL NO. 37226  
 RULE COMPLIANCE NO. VIII-0012754; 08-27-2024  
 3650 DAVILA ST., TEJEROS, MAKATI CITY

REPUBLIC OF THE PHILIPPINES)  
 MAKATI CITY ) S.S.

**CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR**

I, **MR. IRINEO A. CASES, JR.**, Filipino, of legal age and a resident of address at [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Makati Finance Corporation** ("MFIN").
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Cebcon Construcion Services	Business Manager	2022 - Present
Metrocredit Corp.	Managing Director	2016 - Present
Metrografix	President	2006 - Present
Consolacion Unicredit Corp.	President	2000 - Present
MT Link Asia	Director	2005-2011

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Makati Finance Corporation**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other issuances of the Securities and Exchange Commission ("SEC").
4. I am not related to any director/officer/substantial shareholder of **Makati Finance Corporation** and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject to any pending criminal or administrative investigation or proceeding.
6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulation Code and its Implementing Rules and Regulations, the Code of Corporate Governance and other SEC issuances.
7. I shall inform the Corporate Secretary of **Makati Finance Corporation** of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this 30th day of May 2025 at Makati City, Philippines.

[REDACTED SIGNATURE]

**IRINEO A. CASES, JR.**  
 Affiant

SUBSCRIBED AND SWORN to before me this 05 JUN 2025 day of MAKATI CITY at MAKATI CITY affiant personally appeared before me and exhibited his Tax Identification Number 913-803-382.

Doc No. 305  
 Page No. 62  
 Book No. XXVI  
 Series of 2025



**ATTY. RENE MA. M. VILLA**  
 NOTARY PUBLIC OF MAKATI CITY  
 APPOINTMENT NO. M-110  
 (REID) (2025 2025)  
 UNTIL DECEMBER 31, 2026  
 PTR NO. 10477476, 01-03-2025, MAKATI CITY  
 I&P LIFETIME NO. 013595; 12-27-2013; I.C  
 POLL NO. 37226  
 MCLE COMPLIANCE NO. VIII-0012754; 08-27-2024  
 GROUND FLOOR, MAKATI TERRACES CONDOMINIUM  
 3650 DAVILA ST., TEJEROS, MAKATI CITY



# SECURITIES AND EXCHANGE COMMISSION

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



**The following document has been received:**

**Receiving:** ICTD ERMD

**Receipt Date and Time:** April 16, 2025 12:01:46 AM

## Company Information

---

**SEC Registration No.:** 0000028788

**Company Name:** MAKATI FINANCE CORP.

**Industry Classification:** J66110

**Company Type:** Stock Corporation

## Document Information

---

---

**Document ID:** OST10416202583176751

**Document Type:** Financial Statement

**Document Code:** FS

**Period Covered:** December 31, 2024

**Submission Type:** Annual

**Remarks:** None

---

---

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





Wilma Fundan &lt;wpfundan@makatifinance.com.ph&gt;

---

## Your BIR AFS eSubmission uploads were received

---

**eafs@bir.gov.ph** <eafs@bir.gov.ph>  
To: WPFUNDAN@makatifinance.com.ph  
Cc: MLAROSA@makatifinance.com.ph

Wed, Apr 16, 2025 at 12:50 AM

Hi MAKATI FINANCE CORPORATION,

### Valid files

- EAFS000473966ITRTY122024.pdf
- EAFS000473966TCRTY122024-04.pdf
- EAFS000473966AFSTY122024.pdf
- EAFS000473966OTHTY122024.pdf

### Invalid file

- <None>

Transaction Code: **AFS-0-CHJELGCF04NPWVPRYQPRTPRP40QSWRX4PP**  
Submission Date/Time: **Apr 16, 2025 12:50 AM**  
Company TIN: **000-473-966**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.





## Independent Auditor's Report

To the Board of Directors and Shareholders of  
**Makati Finance Corporation**  
3rd Floor Mazda Makati Building  
2301 Chino Roces Avenue  
Barangay Magallanes, Makati City

### *Report on the Audits of the Financial Statements*

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Makati Finance Corporation (the "Company") as at December 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

#### *What we have audited*

The financial statements of the Company comprise:

- the statements of financial position as of December 31, 2024 and 2023;
- the statements of comprehensive income for each of the three years in the period ended December 31, 2024;
- the statements of changes in equity for each of the three years in the period ended December 31, 2024;
- the statements of cash flows for each of the three years in the period ended December 31, 2024; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Makati Finance Corporation  
Page 2

### *Independence*

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 our 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.

### **Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### *Key Audit Matter*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent Auditor's Report  
 To the Board of Directors and Shareholders of  
 Makati Finance Corporation  
 Page 3

The key audit matter identified in our audit pertains to the impairment losses on loans and other receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Expected credit losses (ECL) on loans and other receivables</b></p> <p>We focused on this account because of the complexity involved in the estimation process, and the significant judgments that management makes in ascertaining the expected credit loss on loans and other receivables.</p> <p>The calculation of expected credit loss is inherently judgmental for any financing company. Key areas of judgment include defining default, identifying exposures with significant deterioration in credit quality, identification of credit impaired loans, and estimation of expected realizable value of any collateral held supporting the calculation of individually assessed provisions; and the application of appropriate impairment models for the collectively assessed accounts. This includes the use of key assumptions in the impairment models (i.e., staging of accounts, forward-looking information), the exposure at default (EAD), the probability of default (PD) and the loss given default (LGD).</p> <p>As at December 31, 2024, the total ECL allowance on loans and other receivables amounted to P141.33 million while the provision for credit losses recognized in profit or loss for the year amounted to P19.35 million.</p>	<p>Our work over the impairment losses of loans and other receivables included:</p> <ul style="list-style-type: none"> <li>• assessment of the methodology applied by the Company in the development of its expected credit loss (ECL) model vis-à-vis the requirements of PFRS 9, '<i>Financial Instruments</i>';</li> <li>• assessment of the reasonableness of key judgements made by management in calculating the ECL;</li> <li>• testing the accuracy of the loan aging schedule to determine appropriateness of staging of loan accounts including those identified as default accounts by recalculating from the last date of payment to the reporting date;</li> <li>• testing of key assumptions in the ECL models such as PD, LGD, EAD built from historical data through validation of the accuracy and completeness of data inputs in the ECL model and in the ECL calculation by comparing them with the information obtained from the current and historical loan portfolio (i.e. aging schedule) which provides information about the classification of credit exposures, age of the receivables, and existence of collateral, among others; and</li> <li>• assessment of reasonableness of macroeconomic variables used as the forward-looking information as basis of calculation of ECL and independent comparison to available macro-economic data;</li> <li>• for a sample of individually assessed loans identified as default (i.e. credit-impaired), examined relevant supporting documents such as valuation of collateral used as a basis in estimating the recoverable amount and measuring the loan loss allowance; and</li> </ul>



To the Board of Directors and Shareholders of  
Makati Finance Corporation  
Page 4

#### Key Audit Matter

<p><b>(cont'd.)</b></p> <p>Refer to Note 3, Note 17 and Note 18 in the financial statements.</p>	<ul style="list-style-type: none"><li>• recalculation of the expected credit loss for selected accounts and portfolios for collective assessment at reporting date using the ECL methodology adopted by the Company.</li><li>• Review the financial statement disclosures related to the required information in accordance with the requirements of PFRS 9, '<i>Financial Instruments</i>'</li></ul>
--	---

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### 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.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Makati Finance Corporation  
Page 5

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Makati Finance Corporation  
Page 6

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

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

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

***Report on the Bureau of Internal Revenue Requirement***

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

**Isla Lipana & Co.**



Zaldy D. Aguirre  
Partner

CPA Cer. No. 0100000

P.T. No. 0021111, issued on January 3, 2025, Makati City

TIN 001-755-000

BIR Accredited No. 0071-077-0000, issued on December 22, 2023; effective until December 21, 2026

BOA Reg. No. 0112, effective until November 14, 2025

Makati City  
April 15, 2025

**Makati Finance Corporation**

Statements of Financial Position  
As at December 31, 2024 and 2023  
(All amounts in Philippine Peso)

	Notes	2024	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash	2	19,078,143	23,102,110
Loans and other receivables, net	3,18	535,274,139	441,452,515
Other current assets, net	4	118,802,559	104,855,751
<b>Total current assets</b>		<b>673,154,841</b>	<b>569,410,376</b>
<b>Non-current assets</b>			
Loans and other receivables, net	3,18	322,729,101	369,399,529
Property and equipment, net	5	7,042,381	5,669,637
Investment properties	6	98,664,010	153,312,587
Right-of use asset, net	16	4,546,617	16,531,808
Deferred tax assets, net	13	37,437,621	41,559,313
<b>Total non-current assets</b>		<b>470,419,730</b>	<b>586,472,874</b>
<b>Total assets</b>		<b>1,143,574,571</b>	<b>1,155,883,250</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Current portion of notes payable	9,18	510,316,500	484,652,041
Accounts payable		11,890,538	22,964,740
Accrued expenses	8	15,956,255	17,909,501
Lease liabilities	16,18	3,960,368	9,527,935
Income tax payable	13	3,499,018	3,417,997
<b>Total current liabilities</b>		<b>545,622,679</b>	<b>538,472,214</b>
<b>Non-current liabilities</b>			
Notes payable	9,18	-	26,222,222
Lease liabilities	16,18	1,033,684	9,887,494
Retirement benefit obligation, net	14	10,113,152	10,225,288
<b>Total non-current liabilities</b>		<b>11,146,836</b>	<b>46,335,004</b>
<b>Total liabilities</b>		<b>556,769,515</b>	<b>584,807,218</b>
<b>Equity</b>			
Capital stock	10	273,900,122	271,961,630
Additional paid-in capital		5,803,922	5,803,922
Retained earnings		295,912,879	285,327,520
Remeasurement gain on retirement benefit obligation	14	11,188,133	7,982,960
<b>Total equity</b>		<b>586,805,056</b>	<b>571,076,032</b>
<b>Total liabilities and equity</b>		<b>1,143,574,571</b>	<b>1,155,883,250</b>

(The notes on pages 1 to 36 are an integral part of these financial statements.)

**Makati Finance Corporation**

Statements of Comprehensive Income  
For the years ended December 31, 2024, 2023 and 2022  
(All amounts in Philippine Peso)

	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Interest income	2,3,7	183,657,793	175,174,176	158,979,539
Interest expense	7,9,16	(38,120,468)	(34,653,048)	(33,125,884)
<b>Net interest margin</b>		<b>145,537,325</b>	<b>140,521,128</b>	<b>125,853,655</b>
<b>Other income</b>				
Service charges	11	9,031,628	8,428,924	4,681,392
Fair value adjustment on investment properties	6, 12	4,447,700	4,817,734	24,602,534
Gain on sale of investment property	6, 12	21,568,169	-	-
Miscellaneous	12	19,134,849	26,403,922	10,157,904
Total other income		54,182,346	39,650,580	39,441,830
Total operating income		199,719,671	180,171,708	165,295,485
<b>Operating expenses</b>				
Salaries and employee benefits		64,274,365	56,752,510	60,608,488
Provision for credit losses	3	19,349,940	32,176,691	18,840,356
Taxes and licenses		17,929,494	14,992,634	13,696,781
Depreciation and amortization	4,5,16	16,603,690	16,879,761	12,310,518
Management and professional fees		10,895,941	7,152,343	9,473,494
Travel and transportation		5,038,518	5,138,614	7,664,302
Commission		4,943,426	3,267,254	7,037,544
Occupancy costs		3,188,214	4,451,052	1,097,649
Provision for impairment loss of repossessed assets	4	1,937,134	7,495,767	377,146
Entertainment, amusement and recreation		1,180,090	558,787	375,368
Miscellaneous	12	30,059,715	14,044,270	10,407,838
Total operating expenses		175,400,527	162,909,683	141,889,484
<b>Income before income tax</b>		<b>24,319,144</b>	<b>17,262,025</b>	<b>23,406,001</b>
Income tax expense	13	9,856,723	4,338,476	5,552,903
<b>Net income</b>		<b>14,462,421</b>	<b>12,923,549</b>	<b>17,853,098</b>
Other comprehensive income (loss)		3,205,173	(2,268,741)	4,210,913
<b>Total comprehensive income for the year</b>		<b>17,667,594</b>	<b>10,654,808</b>	<b>22,064,011</b>
Basic and diluted earnings per share	10	0.05	0.05	0.07

(The notes on pages 1 to 36 are an integral part of these financial statements.)

## Makati Finance Corporation

### Statements of Changes in Equity For the years ended December 31, 2024, 2023 and 2022 (All amounts in Philippine Peso)

	Capital stock (Note 10)	Additional paid-in capital	Retained earnings	Remeasurement gain (loss) on retirement benefit obligation	Total equity
<b>Balances at January 1, 2022</b>	267,828,098	5,803,922	262,818,124	6,040,788	542,490,935
Transactions with owners					
Stock dividends	1,455,611	-	(1,455,611)	-	-
Cash dividends	-	-	(1,455,711)	-	(1,455,711)
<b>Total transactions with owners</b>	<b>1,455,611</b>	<b>-</b>	<b>(2,911,322)</b>	<b>-</b>	<b>(1,455,711)</b>
<b>Comprehensive income</b>					
Net income for the year	-	-	17,853,095	-	17,853,098
Other comprehensive income	-	-	-	4,210,913	4,210,913
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>17,853,101</b>	<b>4,210,913</b>	<b>22,064,011</b>
<b>Balances at December 31, 2022</b>	<b>269,283,709</b>	<b>5,803,922</b>	<b>277,759,903</b>	<b>10,251,701</b>	<b>563,099,235</b>
Transactions with owners					
Stock dividends	2,677,921	-	(2,677,921)	-	-
Cash dividends	-	-	(2,678,008)	-	(2,678,008)
<b>Total transactions with owners</b>	<b>2,677,921</b>	<b>-</b>	<b>(5,355,929)</b>	<b>-</b>	<b>(2,678,008)</b>
<b>Comprehensive income</b>					
Net income for the year	-	-	12,923,549	-	12,923,549
Other comprehensive loss	-	-	-	(2,268,741)	(2,268,741)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>12,923,549</b>	<b>(2,268,741)</b>	<b>10,654,808</b>
<b>Balances at December 31, 2023</b>	<b>271,961,630</b>	<b>5,803,922</b>	<b>285,327,523</b>	<b>7,982,960</b>	<b>571,076,035</b>
Transactions with owners					
Stock dividends	1,938,492	-	(1,938,492)	-	-
Cash dividends	-	-	(1,938,573)	-	(1,938,573)
<b>Total transactions with owners</b>	<b>1,938,492</b>	<b>-</b>	<b>(3,877,065)</b>	<b>-</b>	<b>(1,938,573)</b>
<b>Comprehensive income</b>					
Net income for the year	-	-	14,462,421	-	14,462,421
Other comprehensive loss	-	-	-	3,205,173	3,205,173
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>14,462,421</b>	<b>3,205,173</b>	<b>17,667,594</b>
<b>Balances at December 31, 2024</b>	<b>273,900,122</b>	<b>5,803,922</b>	<b>295,912,879</b>	<b>11,188,133</b>	<b>586,805,056</b>

(The notes on pages 1 to 36 are an integral part of these financial statements.)

## Makati Finance Corporation

### Statements of Cash Flows For the years ended December 31, 2024, 2023 and 2022 (All amounts in Philippine Peso)

	Notes	2024	2023	2022
<b>Cash flows from operating activities</b>				
Income before income tax		24,319,144	17,262,025	23,406,001
Adjustments for:				
Provision for credit losses on loans and other receivables	3	15,554,612	16,377,948	18,840,356
Depreciation and amortization	4,5,16	16,603,690	16,879,761	9,417,435
Fair value change in investment properties	6	(4,447,700)	(4,817,734)	(24,602,534)
Retirement benefits expense	14	3,093,037	2,477,820	3,180,335
Interest expense from lease liabilities	16	905,309	1,169,810	1,249,467
Provision for (reversal of) impairment loss of repossessed assets	4	1,937,134	7,495,767	377,146
Gain from sale of repossessed assets	4	(99,021)	567,701	(463,451)
Gain from sale of property and equipment		(1,153,360)	-	-
Gain on lease termination		(1,880,589)	-	-
Lease additions, net of modification		-	3,451	(86,387)
Operating income before working capital changes		54,832,256	57,416,549	31,318,368
Decrease (increase) in:				
Loans and other receivables		(62,349,661)	(69,623,207)	37,655,324
Other assets		(13,946,808)	(4,312,634)	10,612,253
Increase (decrease) in:				
Accounts payable		(11,074,202)	(17,427,757)	4,669,740
Accrued expenses		(5,567,567)	(2,678,097)	(2,243,613)
Cash (used in) generated from operations		(38,105,982)	(36,625,146)	82,010,072
Income taxes paid		(2,236,014)	(3,478,159)	(3,857,517)
Net cash flows (used in) by operating activities		(40,341,995)	(40,103,305)	78,154,555
<b>Cash flows from investing activities</b>				
Purchases of property and equipment	5	(4,278,985)	(2,079,327)	(683,956)
Additions to software	4	(676,242)	(375,799)	(113,116)
Additions to investment properties	6	59,096,277	-	(3,070,225)
Net cash provided (used in) by investing activities		54,141,050	(2,455,126)	(3,867,297)
<b>Cash flows from financing activities</b>				
Availment of notes payable		126,793,767	229,332,325	219,516,745
Settlement of notes payable		(127,351,531)	(180,006,792)	(322,674,571)
Payment of lease liabilities	16	(15,326,685)	(15,038,490)	(8,737,993)
Cash dividends paid	10	(1,938,573)	(2,678,008)	(1,455,711)
Net cash from (used in) provided by financing activities		(17,823,022)	31,609,035	(113,351,530)
<b>Net decrease in cash and cash equivalents</b>		(4,023,967)	(10,949,396)	(39,064,272)
Cash and cash equivalents				
January 1		23,102,110	34,051,506	73,115,778
<b>December 31</b>		19,078,143	23,102,110	34,051,506

(The notes on pages 1 to 36 are an integral part of these financial statements.)

## Makati Finance Corporation

### Notes to the Financial Statements

As at and for the years ended December 31, 2024 and 2023

(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

#### 1 General information

Makati Finance Corporation (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 1966. The Company is a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

The Company is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On March 11, 2002, the Board of Directors (BOD) and shareholders approved the offer of up to 19,560,000 shares from the Company's unissued common shares through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE) on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small and Medium Enterprise Board on January 6, 2003, with an offer price of P1.38 per share. No subsequent listings were conducted.

As at December 31, 2024, the Company's closing price at the PSE amounts to P1.99 per share (2023 - P1.90 per share).

Amalgamated Investment Bancorporation (AIB) (the "Parent Company") owns 43.59% and 43.41% of the Company as at December 31, 2024 and 2023.

The Company's registered office address, which is also its principal place of business, is at 3rd Floor Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City.

The Company has 147 employees as at December 31, 2024 (2023 - 146).

#### *Approval of the financial statements*

These financial statements have been approved and authorized for issuance by the Company's BOD on April 11, 2025. There are no material events that occurred from April 11 to April 15, 2025.

#### 2 Cash

This account consists of:

	2024	2023
Cash on hand	457,478	907,412
Cash in banks	18,620,665	22,194,698
	19,078,143	23,102,110

Cash in banks earn interest at the prevailing bank deposit rates which range from 0.05% to 0.093% (2023 - 0.05% to 0.25%). In 2024, interest income on cash in banks amount to P18,990 (2023 - P14,033; 2022 - P31,283)

### 3 Loans and other receivables, net

The account as at December 31 consist of:

	2024	2023
Consumer	759,459,046	708,725,305
Services	222,446,422	247,349,179
Other receivables	17,432,096	11,666,496
	999,337,564	967,740,980
Allowance for expected credit loss (ECL)	(141,334,324)	(156,888,936)
	858,003,240	810,852,044

Interest rates on loans and other receivables for the year ended December 31, 2024 range from 0.42% to 5% (2023 - 0.42% to 3.00%) per month plus gross receipts tax. For the year ended December 31, 2024, interest income earned on loans receivables amounts to P183.66 million (2023 - P175.16 million; 2022 - P158.95 million).

Certain motorcycle financing receivables (included in Consumer category above) amounting to P100.90 million (2023 - P109.73 million) were used as collateral for notes payable to banks (see Note 9).

The following table shows the breakdown of loans and other receivables (gross of allowance for ECL) as to collateral as at December 31:

	2024	2023
Secured loans		
Chattel mortgage	384,585,981	400,823,972
Real estate mortgage	3,823,482	127,728,010
Other collaterals	45,563,421	69,320,406
Total secured	433,972,884	597,872,388
Unsecured	565,364,680	369,868,592
	999,337,564	967,740,980

Other collaterals pertain to deposits, assignment of receivables and salary.

Movements in allowance for ECL follow:

December 31, 2024				
Receivable from Customers				
	Consumer	Services	Others	Total
At January 1	126,386,860	26,036,361	4,465,715	156,888,936
Provision during the year	4,833,459	14,516,481	-	19,349,940
Write-off during the year	(23,976,408)	(10,928,144)	-	(34,904,552)
At December 31	107,243,911	29,624,698	4,465,715	141,334,324
December 31, 2023				
Receivable from Customers				
	Consumer	Services	Others	Total
At January 1	116,168,180	19,877,093	4,465,715	140,510,988
Provision during the year	21,079,112	11,097,579	-	32,176,691
Write-off during the year	(10,860,432)	(4,938,311)	-	(15,798,743)
At December 31	126,386,860	26,036,361	4,465,715	156,888,936

In determining the allowance for ECL on loans and other receivables, the Company groups its loans and other receivables on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### 4 Other current assets, net

This account consists of:

	Note	2024	2023
Repossessed assets, net		107,790,036	95,192,990
Prepaid expenses		4,992,004	4,290,984
Security deposits	16	4,733,792	4,761,292
Software costs		1,206,727	530,485
Financial asset at fair value through other comprehensive income (FVOCI)		80,000	80,000
		118,802,559	104,855,751

Repossessed assets pertain to motorcycle units that were repossessed from the Company's motorcycle financing business.

Prepaid expenses consist of includes supplies, insurance and rent.

Software costs are paid licenses for use of software related to loan management system and general ledger.

The investments in FVOCI pertains to the club shares held by the Company as of December 31, 2024 and 2023.

The movement in repossessed assets follow:

	2024	2023
Cost		
At January 1	140,623,906	141,497,292
Additions	77,481,667	59,019,279
Disposals	(62,947,487)	(59,892,665)
At December 31	155,158,086	140,623,906
Allowance for impairment losses		
At January 1	45,430,916	41,804,778
Allowance for impairment during the year	1,937,134	7,495,767
Write-off	-	(3,869,629)
At December 31	47,368,050	45,430,916
Carrying amount	107,790,036	95,192,990

Included in the statement of comprehensive income under miscellaneous income are gains from sale of repossessed assets amounting to P 99,021 in 2024 (2023 - P567,701). Aggregate proceeds from sale amounted to P63.05 million in 2024 (2023 - P60.46 million).

## 5 Property and equipment, net

The movements in the account for the years ended December 31 are summarized below:

2024				
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
<b>Cost</b>				
At January 1	20,701,416	11,331,636	10,643,838	42,676,890
Additions	2,627,509	223,216	1,428,259	4,278,984
Disposals	-	-	(5,808,800)	(5,808,800)
At December 31	23,328,925	11,554,852	6,263,297	41,147,074
<b>Accumulated depreciation</b>				
At January 1	19,460,537	9,069,735	8,476,981	37,007,253
Depreciation	957,362	766,025	1,182,851	2,906,238
Disposals	-	-	(5,808,798)	(5,808,798)
At December 31	20,417,899	9,835,760	3,851,034	34,104,693
Carrying amount	2,911,026	1,719,092	2,412,263	7,042,381
2023				
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
<b>Cost</b>				
At January 1	19,869,472	10,861,636	10,408,455	41,139,563
Additions	831,944	470,000	777,383	2,079,327
Disposals	-	-	(542,000)	(542,000)
At December 31	20,701,416	11,331,636	10,643,838	42,676,890
<b>Accumulated depreciation</b>				
At January 1	18,801,529	8,370,692	7,690,850	34,863,071
Depreciation	659,008	699,043	1,328,131	2,686,182
Disposals	-	-	(542,000)	(542,000)
At December 31	19,460,537	9,069,735	8,476,981	37,007,253
Carrying amount	1,240,879	2,261,901	2,166,857	5,669,637

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

In 2024, disposals of fully depreciated transportation equipment resulted in a gain of P1.15 million which is recorded under miscellaneous income (Note 12).

Management believes that there are no indicators that the Company's property and equipment are impaired as at December 31, 2024 and 2023.

## 6 Investment properties, net

Investment properties consist of land and building amounting to P11,353,376 and P87,310,634, respectively (2023 - P87,021,301 and P66,291,286, respectively).

The movements in the account for the years ended December 31 are summarized below:

	2024	2023
Beginning of the year	153,312,587	90,801,000
Additions	111,575	57,693,853
Disposals	(59,207,852)	-
Fair value adjustment	4,447,700	4,817,734
	98,664,010	153,312,587

In 2023, the Company has acquired a property through a Dacion En Pago arrangement, with a fair market value of P77.27 million. However, the property has been booked at a value of P57.69 million, net of the share of another lender, reflecting the Company's portion of ownership.

The property was sold in 2024. The Company's shares in the sales proceeds and the resulting gain amounted to P76.68 million and P21.9 57million, respectively.

The Company measures its investment properties at fair value. Changes in the fair values are recognized in profit or loss. The fair value was determined by an independent and professionally qualified appraiser during the year.

The fair values were assessed using the Market Approach (Level 2), which involves comparing sales of similar or substitute properties and market data. In this method, a subject property is valued is based on recent market transactions of comparable properties.

Direct operating expenses with regard to investment properties pertain to local property taxes amounting to P92, 221 in 2024 (2023 - P76,043).

## 7 Segment information

The Company's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Company derives revenues from the following main operating business segments:

### (a) Rx Cashline Group

The Rx Cashline Group grants loans tailored to medical professionals.

### (b) Business loans

This group grants loans to finance business owners who wishes to expand its business or for the purpose of starting capital.

(c) *Motor Vehicles Financing Group*

The MC Financing Group grants loans to motorcycle and car buyers.

(d) *Car loans*

Beginning 2024, the Company has discontinued its car loan financing program due to competitive interest rates offered by local banks.

(e) *Other segments*

This segment includes pension loans, housing loans, personal loans and corporate salary loans.

The Company considers its Management Committee as the chief operating decision maker. Management conducts weekly Management Committee meetings to monitor the performance and conversion of each of the product lines handled. Strategies and recommendations are formulated while operating parameters and guidelines are developed and implemented in these weekly meetings. Product line performance is evaluated based on how it performs versus target and versus last year's actual figures. Another major consideration is on the analysis of risk and collectability exposure contributed by each product line.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets and liabilities comprise all of the assets and liabilities, measured in a manner consistent with that shown in the statement of financial position.

The Company's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore the geographical segment information is no longer presented.

The sales revenue generated from the Company's operating segments amounted to 10% or more of the total revenues.

Financial information about operating segments follows:

	2024				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	100,634,833	409,168,801	313,764,781	34,434,824	858,003,240
Results of operation					
Revenue					
Interest income	20,212,532	69,843,615	92,034,495	1,567,151	183,657,793
Other income	2,313,486	34,821,726	5,859,360	11,187,773	54,182,345
Total	22,526,018	104,665,341	97,893,855	12,754,924	237,840,138
Expenses					
Interest expense	4,195,363	14,496,914	19,102,909	325,282	38,120,468
Provision for expected credit losses	(2,358,405)	15,421,928	2,477,934	3,808,483	19,349,940
Operating expenses	14,384,267	57,756,584	79,106,730	4,803,005	156,050,586
	16,221,225	87,675,426	100,687,572	8,936,770	213,520,994
Net operating income (loss)	6,304,793	16,989,915	(2,793,717)	3,818,154	24,319,145
Income tax expense (benefit)	1,565,584	4,190,109	(764,313)	1,974,756	6,966,136
Net Income (loss)	4,739,209	12,799,806	(2,029,404)	1,843,398	17,353,008
Total Assets	107,789,514	539,129,940	454,572,313	42,461,458	1,143,953,225
Total Liabilities	42,107,041	228,587,784	261,364,700	23,198,060	554,257,585
Other segment information					
Capital expenditures	325,075	1,757,026	2,017,790	179,094	4,278,985
Depreciation and amortization	1,261,385	6,817,763	7,829,606	694,936	16,603,690

2023					
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	84,655,159	383,056,833	326,812,153	16,327,900	810,852,044
Results of operation					
Revenue					
Interest income	26,280,234	69,572,943	71,300,955	8,020,044	175,174,176
Other income	2,057,488	27,316,004	3,320,421	6,956,667	39,650,580
Total	28,337,722	96,888,947	74,621,376	14,976,711	214,824,756
Expenses					
Interest expense	5,198,770	13,762,957	14,104,793	1,586,528	34,653,048
Provision for expected credit losses	5,953,023	13,775,932	16,988,116	2,955,387	39,672,458
Operating expenses	12,843,642	45,027,374	58,180,031	7,186,178	123,237,225
	23,995,435	72,566,263	89,272,940	11,728,093	197,562,731
Net operating income (loss)	4,342,287	24,322,684	(14,651,564)	3,248,618	17,262,025
Income tax expense (benefit)	2,573,828	9,524,655	(10,026,992)	2,266,985	4,338,476
Net Income (loss)	1,768,459	14,798,029	(4,624,572)	981,633	12,923,549
Total Assets	96,292,720	572,121,950	460,272,420	27,196,160	1,155,883,250
Total Liabilities	77,142,436	263,756,179	203,138,223	40,770,380	584,807,218
Other segment information					
Capital expenditures	274,286	937,805	722,273	144,962	2,079,326
Depreciation and amortization	2,226,624	7,613,007	5,863,342	1,176,788	16,879,761
2022					
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	92,081,355	375,575,917	307,852,105	39,791,261	815,300,638
Results of operation					
Revenue					
Interest income	22,946,252	57,393,493	65,433,531	13,206,263	158,979,539
Other income	2,269,873	28,025,287	5,587,068	3,559,602	39,441,830
	25,216,125	85,418,780	71,020,599	16,765,865	198,421,369
Expenses					
Interest expense	4,524,267	13,364,316	13,417,973	1,819,328	33,125,884
Provision for expected credit losses	3,667,710	9,576,412	1,663,782	4,309,598	19,217,502
Operating expenses	10,650,563	38,673,084	66,792,325	6,556,010	122,671,982
	18,842,540	61,613,812	81,874,080	12,684,936	175,015,368
Net operating income (loss)	6,373,585	23,804,968	(10,853,481)	4,080,929	23,406,001
Income tax expense (benefit)	1,773,788	6,503,111	(4,397,730)	1,673,733	5,552,902
Net Income (loss)	4,599,797	17,301,857	(6,455,751)	2,407,196	17,853,099
Total Assets	103,295,406	510,795,835	459,248,231	40,809,092	1,114,148,564
Total Liabilities	62,264,341	253,960,063	212,168,236	22,656,692	551,049,332
Other segment information					
Capital expenditures	578,303	1,446,460	1,649,089	332,830	4,006,682
Depreciation and amortization	1,392,032	3,481,771	3,969,519	801,158	9,644,480

## 8 Accrued expenses

This account consists of:

	2024	2023
Accrued taxes	6,000,395	4,537,682
Accrued rent	2,140,941	4,532,800
Accrued interest	2,028,930	1,524,719
Insurance payable	1,744,848	4,205,346
Accrued administrative expenses	1,265,532	853,779
Accrued management and professional fees	821,168	875,480
Commissions and outside services	455,033	441,197
Others	1,499,408	938,498
	15,956,255	17,909,501

Accrued taxes pertains to expanded withholding tax, withholding tax, documentary stamp tax, and gross receipt tax.

Accrued interest pertain to interest expenses on notes payable

Insurance payables pertain to mortgage redemption insurance, SSS and PhilHealth contributions.

Commission and outside services encompass accruals on commissions related to referral incentives for agents of the Company.

Others mainly include accrual on utilities and travel and transportation.

## 9 Notes payable

The account as at December 31 consists of:

	2024	2023
Notes payable to:		
Related parties	354,178,002	382,583,587
Banks	100,898,355	109,733,333
Individuals/corporate	55,240,143	18,557,343
	510,316,500	510,874,263

The current and non-current portion of the account are as follow:

	2024	2023
Current	510,316,500	484,652,041
Non-current	-	26,222,222
	510,316,500	510,874,263

Interest rates on notes payable range from 5.65% to 8.75% in 2024 (2023 - 5.50% to 9.00%). Interest expense on these notes payable amount to P37.22 million in 2024 (2023 - P33.48 million; 2022 - P31.47 million).

As at December 31, 2024 and 2023, the notes payable to banks are secured by certain motorcycle financing receivables and other various type of receivables. Under the agreements with the bank creditors, the notes payable are subject to Deed of Assignment on summary list of loans receivables, with 50% to 85% loanable value), on a per availment basis.

The following assets were used to secure the notes payable to banks availed by the Company (Note 3):

	2024		2023	
	Carrying amount	Secured notes	Carrying amount	Secured notes
Motorcycle financing receivables	122,679,404	98,653,911	135,180,496	107,292,358
Other various type of receivables	18,702,887	2,244,444	20,608,720	2,440,975
	<b>141,382,291</b>	<b>100,898,355</b>	<b>155,789,216</b>	<b>109,733,333</b>

## 10 Equity

On July 25, 2024, the BOD and stockholders approved the declaration of 0.71% stock dividends in the amount of P1.94 million to stockholders of record as at August 22, 2024 with distribution date not later than, September 18, 2024. Fractional shares of 40.35 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.94 million.

On July 27, 2023, the BOD and stockholders approved the declaration of 0.99% stock dividends in the amount of P2.68 million to stockholders of record as at August 24, 2023 with distribution date not later than September 20, 2023. Fractional shares of 43.70 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P2.68 million.

On July 28 2022, the BOD and stockholders approved the declaration of 0.54% stock dividends in the amount of P1.46 million to stockholders of record as at August 26, 2022 with distribution date not later than September 21, 2022. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.46 million.

As at December 31, 2024, the Company has 273,900,122 (2023 - 271,961,630) common shares issued and outstanding which are owned by 113 (2023 - 112) shareholders.

The movements in the number of issued shares and capital stock follow:

	2024		2023		2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorized - 300,000,000 shares; P1 par value</i>						
At January 1	271,961,630	271,961,630	269,283,709	269,283,709	267,828,098	267,828,098
Stock dividends	1,938,492	1,938,492	2,677,921	2,677,921	1,455,611	1,455,611
At December 31	273,900,122	273,900,122	271,961,630	271,961,630	269,283,709	269,283,709

### Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding common shares.

The information used in the computation of basic and diluted earnings per share for the years ended December 31 follow:

	2024	2023	2022
Net income for the year	14,497,294	12,923,549	17,853,098
Weighted average number of outstanding common shares (after impact of stock dividend)	273,900,122	271,961,630	269,283,709
Basic and diluted earnings per share	0.05	0.05	0.07

## 11 Service charges

The account for the years ended December 31 consists of the following:

	2024	2023
Processing fees	7,818,023	7,261,796
Late payment charges	1,204,660	1,158,691
Others	8,945	8,437
	9,031,628	8,428,924

Processing fees refer to charges that are deducted from the loan proceeds before they are disbursed to the borrower. This fee covers the cost of processing the loan application, including evaluating the borrower's creditworthiness, verifying their employment and income, and other administrative expenses.

Late payment charges, on the other hand, are fees that are assessed when a borrower fails to make a loan payment on time. These charges are designed to encourage timely payments and compensate the Company for the costs associated with processing and collecting late payments.

Others pertain to the convenience fee charged by the Company.

## 12 Miscellaneous income and expenses

### 12.1 Miscellaneous income

Miscellaneous income for the years ended December 31 consists of the following items:

	2024	2023
Gain on investment properties (Note 6)	21,568,169	-
Penalties	6,977,880	7,978,395
Unrealized gain on investment properties (Note 6)	4,447,700	13,549,615
Others	12,156,969	4,875,912
	45,150,718	26,403,922

Others mainly consist of reversal of MRI payable, gain on sale of property plant and equipment (Note 5) and gain on pre-termination of lease contracts (Note 16). Penalties pertain to charges of returned checks.

### 12.2 Miscellaneous expenses

Miscellaneous expenses for the years ended December 31 consist of the following items:

	2024	2023
Repairs and maintenance	13,598,277	1,762,612
Communication	2,539,117	2,415,785
Stationaries and supplies	2,504,148	2,711,297
Others	11,418,173	7,154,576
	30,059,715	14,044,270

Repairs and maintenance expenses are related to restoration and reconditioning of the investment property that was sold during the year (Note 6).

Other expenses include insurance, training and development fees, meetings and conference fees, claims fees, advertising costs, donations and membership dues.

### 13 Income taxes

The following are the components of income tax expense for the years ended December 31:

	2024	2023
Current	14,438,929	5,367,115
Deferred	(4,582,206)	(1,028,639)
	9,856,723	4,338,476

A reconciliation between the income tax expense at the statutory tax rate and income tax expense at effective tax rate follows:

	2024	2023
Income before tax	24,319,144	17,262,025
Income tax benefit at statutory income tax rate (25%)	6,079,786	4,315,506
Adjustments for:		
Interest income subjected to final tax	(4,748)	(3,508)
Impact of PFRS 16	3,780,385	25,382
Non-deductible interest expense	1,300	1,096
Change in unrecognized DTA	-	-
Effective income tax expense	9,856,723	4,338,476

The components of the Company's deferred tax assets and liabilities as at December 31 are as follows:

	2024	2023
Deferred tax assets		
Allowance for credit losses	35,333,581	39,163,685
Allowance of repossessed assets write-down	9,268,326	11,357,729
Accrued expenses	3,989,064	1,685,388
Retirement expense	2,528,288	3,020,042
Impairment loss on investment properties	484,284	228,988
Past service costs	-	40,293
PFRS 16	1,248,513	1,216,006
	52,852,056	56,712,131
Deferred tax liabilities		
Remeasurement gain on defined benefit obligation	2,797,033	3,137,635
Fair value increase in investment properties	12,617,401	12,015,183
	15,414,434	15,152,818
Deferred tax assets, net	37,437,621	41,559,313

Movements in net deferred income tax (DIT) assets are summarized as follows:

	2024	2023
Beginning of the year	41,559,313	40,530,674
Amounts charged to profit or loss	(4,582,206)	1,028,639
Amounts charged to other comprehensive income	460,514	-
End of the year	37,437,621	41,559,313

#### 14 Retirement benefits

The Company has a funded, defined benefit plan covering all of its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

The plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one hundred percent (100%) of the latest monthly salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan. Normal retirement age is at age 60.

Net benefit cost is included in the Company's profit or loss under 'Salaries and employee benefits'.

Details of the retirement benefit obligation recognized in the statement of financial position as at December 31 are as follows:

	2024	2023
Present value of benefit obligation	17,326,085	17,524,485
Fair value of plan assets	(7,212,933)	(7,299,197)
Retirement benefit obligation	10,113,152	10,225,288

Details of the retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2024	2023
Current service cost	2,454,463	2,067,594
Net interest cost	638,574	410,226
	3,093,037	2,477,820

The movements in the present value of retirement benefit obligation are as follows:

	2024	2023
At beginning of year	17,524,485	12,587,051
Current service cost	2,454,463	2,067,594
Interest cost	1,079,508	926,407
Remeasurements		
Loss (Gain) from changes in financial assumptions	189,968	2,763,316
Gain from experience adjustments	(3,639,985)	(629,883)
Benefits paid from Plan Assets - excluding settlements	(282,354)	(190,000)
At end of year	17,326,085	17,524,485

The movements in the fair value of plan assets are as follows:

	2024	2023
At beginning of year	7,299,197	7,108,324
Interest income	440,934	516,181
Benefits paid	(282,354)	(190,000)
Remeasurements - Plan Assets	(244,844)	(135,308)
At end of year	7,212,933	7,299,197

The fair values of plan assets by each class at the end of the reporting period follow:

	2024	2023
Cash and cash equivalents	677,481	2,014,219
Financial assets at fair value through profit or loss - fixed income	6,507,591	5,273,978
Accrued other receivables	31,392	11,000
Withholding Tax Payable	(3,531)	-
	7,212,933	7,299,197

The principal assumptions used in determining the retirement benefit obligation as at December 31 are as follows:

	2024	2023
Discount rate	6.08%	6.16%
Future salary increases	5.00%	5.00%
Average remaining working life (in years)	23	24

*Discount rate sensitivity*

The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variable held constant, of the Company's retirement benefit obligation. The sensitivity analysis is prepared assuming the fair value of asset does not vary during the period and the methods and assumptions are the same in prior years. A 100 bps increase, or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase. The impact on the Company's retirement benefit obligation follows:

	Impact on retirement benefit obligation		
	Change in basis points	Increase in assumption	Decrease in assumption
December 31, 2024			
Discount rate	100 basis points	(2,179,753)	2,641,030
Salary growth rate	100 basis points	2,643,215	(2,219,319)
December 31, 2023			
Discount rate	100 basis points	(2,345,453)	2,850,482
Salary growth rate	100 basis points	2,855,229	(2,389,579)

There are no expected contributions to the plan for the year ending December 31, 2025.

## 15 Related party transaction

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Outstanding Balances		Amount of transaction	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties
<i>Parent Company</i>							
Miscellaneous receivables	A	-	181,521	-	-	181,521	-
Notes payable	B	-	-	292,100,175	-	-	303,600,000
Availments		-	-	-	158,600,000	-	-
Settlements		11,499,825	-	-	46,100,000	-	-
Accrued Interest Payable	B	-	-	1,363,864	1,018,666	-	-
Interest expense		20,915,252	-	-	18,506,868	-	-
<i>Entities under common control</i>							
<i>Motor Ace Philippines, Inc.</i>							
Loans Receivable	F	3,245,294	-	-	9,773,940	-	-
Availments		-	-	-	-	-	-
Settlements		6,528,646	-	-	-	-	-
Miscellaneous receivables	A	-	328,078	-	-	320,703	-
Availments		7,375	-	-	22,599	-	-
Settlements		-	-	-	44,150	-	-
Accounts payable -Supplier	C	-	-	8,661,616	-	-	14,851,810
Availments		96,667,399	-	-	130,991,997	-	-
Settlements		102,857,593	-	-	130,596,637	-	-
Accounts payable	E	-	-	245,825	-	-	279,459
Availments		926,781	-	-	2,715,188	-	-
Settlements		960,414	-	-	2,479,191	-	-
<i>MAPI Lending Investors, Inc.</i>							
Miscellaneous receivables	A	-	1,477,772	-	-	1,477,772	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	Amount of transaction	2024		2023		Due to related parties	
			Outstanding Balances	Due from related parties	Outstanding Balances	Due from related parties		
Accounts payable	E	-	-	-	86,543	-	78,479	
Availments		11,284,043	-	-	-	26,206	-	
Settlements		11,275,979	-	-	-	26,367	-	
Short term placements	C	-	-	-	-	-	-	
Availments		-	-	-	-	-	-	
Settlements		-	-	-	-	-	-	
Interest income		-	-	-	-	-	-	
<i>HMW Lending Investors, Inc.</i>								
Loans Receivable	F	-	1,033,272	-	-	1,722,120	-	
Availments		-	-	-	-	-	-	
Settlements		688,848	-	-	-	-	-	
<i>Honda Motor World, Inc.</i>								
Loans Receivable	A	-	-	-	-	-	-	
Availments		-	-	-	-	-	-	
Settlements		-	-	-	-	-	-	
Miscellaneous receivables	A	-	180,714	-	-	180,714	-	
Availments		-	-	-	-	-	-	
Settlements		-	-	-	-	-	-	
Accounts payable-Supplier	C	-	-	843,290	-	-	7,586,792	
Availments		30,895,718	-	-	52,222,866	-	-	
Settlements		37,639,220	-	-	47,599,533	-	-	
Accounts payable	E	-	-	590,670	-	-	168,200	
Availments		1,479,031	-	-	1,642,581	-	-	
Settlements		1,056,562	-	-	1,592,324	-	-	
<i>Pikeville Bancshares</i>								
Accounts payable	D	-	-	156,128	390,320	-	-	
Professional fees	D	1,102,080	-	-	1,102,080	-	-	
<i>Cebu Maxi Management Corp.</i>								
Professional fees	D	500,000	-	-	500,000	-	-	
<i>MERG Realty Development Corp.</i>								
Miscellaneous receivables	A	-	18,057	-	-	18,057	-	
Availments		-	-	-	-	-	-	
Settlements		-	-	-	-	-	-	

forward

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Outstanding Balances		Amount of transaction	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties
Notes payable	B			36,454,216	-	-	34,374,826
Availments		2,079,391	-	-	1,555,608	-	-
Settlements		-	-	-	-	-	-
Interest expense	B	2,446,342	--	-	1,830,127	-	-
<i>Felibon Realty, Inc.</i>							
Miscellaneous receivables	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
<i>Directors and other stockholders</i>							
Notes payable	B	-	-	18,914,495	-	-	21,808,761
Availments		4,122,461	-	-	12,276,328	-	-
Settlements		7,016,728	-	-	11,322,724	-	-
Interest expense	B	1,246,559	-	-	829,150	-	-
Professional and other management fees		-	-	-	-	-	-
<b>TOTAL</b>			<b>3,219,414</b>	<b>359,416,822</b>		<b>3,900,887</b>	<b>382,748,327</b>

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

- A. This includes various receivables from the Parent Company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement (Note 3). These related party receivables have a term of less than one year and include 7% interest per annum.
- B. As at December 31, 2024 and 2023, notes payable and accrued interest payable arising from borrowings from directors/stockholders amounted to P348.83 million and P360.80 million. Interest expense from these borrowings amounted to P24.61million and P21.17 million in 2024 and 2023, respectively (Note 9).
- C. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company.

- D. Professional Fees of management consultancy as at December 31, 2024 and 2023, amounted to P1.60 million and P1.60 million. Accrued Management Fee from consultancy amounted to P156 thousand and P390 thousand in 2024 and 2023, respectively (Note 9).
- E. Various Accounts Payable from the trading partner represent the purchase of repossessed motorcycle spare parts and the switching of collections.
- F. The Company has released car loan financing and business loan to its trading partner.

## 16 Leases

### *The Company as Lessee*

The Company leases various properties where its offices, branches and warehouses are located. The lease terms range from less than a year to 10 years which are renewable subject to certain terms and conditions. The terms of the leases also contain escalation clauses ranging from 5% to 10%.

At the end of the lease term or upon expiration of the renewal period, the ownership of the Company's buildings and improvements thereon shall be retained by the lessor. Under the terms of the lease, the Company cannot sell, assign or sublease, or otherwise dispose of the building and the improvements thereon, without the written consent of the lessor.

Total rent expense for short term leases included under 'Occupancy cost' account in the statement of total comprehensive income incurred in 2024 and 2023 amounts to P2.83 million and P0.78 million, respectively.

Security deposits arising from these lease agreements amount to P4.73 million and P4.76 million as at December 31, 2024 and 2023, respectively (Note 4).

The aggregate future minimum lease payments for the lease commitments are as follows:

	2024	2023
Less than one year	3,960,368	9,527,935
Between one and five years	1,033,684	9,887,494
	4,994,052	19,415,429

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024	2023
As at January 1	19,415,429	21,512,739
Additions	-	10,017,940
Lease termination	(6,323,431)	-
Lease modification	-	1,753,430
Interest expense	905,309	1,169,810
Payments	(9,003,255)	(15,038,490)
As at December 31	4,994,052	19,415,429

### *Right-of-use assets*

	2024	2023
Balance at January 1	16,531,808	18,730,644
Additions	-	10,017,940
Lease modification	1,465,006	1,749,979
Depreciation of right-of-use assets	(13,450,197)	(13,966,755)
Balance at December 31	4,546,617	16,531,808

In 2024, certain lease contracts related to branches were pre-terminated by management as part of its cost savings efforts. The lease termination resulted to a gain of P1.88 million which is recorded in the statement of comprehensive income (Note 12).

## 17 Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's evaluation of relevant facts, historical experience and other factors, including expectations of future events, that are believed to be reasonable as at reporting date. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Critical accounting estimates

#### *Allowance for ECL of loans and other receivables (Note 3)*

The Company reviews its loan portfolio to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in profit or loss.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Defining default and identifying exposures with significant deterioration in credit quality;
- identification of credit impaired loans and estimation of expected realizable value of any collateral held supporting the calculation of individually assessed provisions; and
- the application of appropriate impairment models for the collectively assessed accounts

the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. On the basis of existing knowledge, it is reasonably possible that outcomes within the next financial year, which are different from the assumptions used, may amount to a material difference compared to this year's impairment loss. It is, however, impracticable to estimate the impact of such difference in outcomes.

Based on the Company's assessment, provision for impairment losses is required as at December 31, 2024 amounting to P19.35 million (2023 - P32.18 million). Allowance for impairment written off in 2024 amounted to P34.90 million (2023 - P15.80 million) after the Company exhausted all efforts and means to collect the amount due.

#### *Estimation of retirement benefit obligation (Note 14)*

The determination of retirement benefit obligation is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions include the determination of discount rate and future salary increases, among others. Due to the long-term nature of the retirement plan, such judgments are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are appropriate for the term of the liability of the plan.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and the related obligation. The possible effects of sensitivities surrounding the actuarial assumptions of the Company at the reporting date are disclosed in Note 14.

### *Determining the incremental borrowing rates (Note 16)*

The Company's weighted average incremental borrowing rate applied to measure its lease liabilities arising from the lease contracts in 2024 was 4.37%. The rate was determined in reference to the prevailing bank lending rates that are reflective of the Company's own credit risk taking into consideration the nature of the leased asset and other terms and conditions of the lease contracts.

### Critical accounting judgments

#### *Impairment of investment properties (Note 6)*

The Company assesses whether there are any indicators of impairment on its investment properties at the end of each reporting period. Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

As at December 31, 2024, the Company did not recognize any additional impairment loss on its investment properties in the absence of any indicators of impairment.

#### *Recoverability of DIT assets (Note 13)*

The Company reviews its DIT 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 DIT asset to be utilized. Significant management judgment is required to determine the amount of DIT assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Company will utilize all or part of its DIT assets. Any DIT asset will be re-measured if it might result to derecognition in cases where the expected tax law to be enacted will impose a possible risk on its realization.

Based on management's assessment, the amount of DIT assets recognized as at December 31, 2024 and 2023 is fully recoverable and realizable.

#### *Determining the lease term (Note 16)*

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

## **18 Financial risk and capital management**

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. Risk management is carried out through policies approved by the Company's management to minimize potential adverse effects of these risks on the Company's financial performance.

### **18.1 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company acknowledges that in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk. In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Company is comfortably placed to meet all its payment obligations as they fall due.

The amounts disclosed in the table below are the expected undiscounted cash flows of financial instruments, including future interest as applicable, which the Company uses to manage the inherent liquidity risk as at December 31, 2024 and 2023.

	2024		Total
	Up to one year	Over one year	
Financial assets			
Cash	19,078,143	-	19,078,143
Loans and other receivables	535,274,139	322,729,101	858,003,240
Security deposits	4,733,792	-	4,733,792
Financial assets at FVOCI	80,000	-	80,000
<b>Total financial assets</b>	<b>559,166,074</b>	<b>322,729,101</b>	<b>881,895,175</b>
Financial liabilities			
Notes payable	510,316,500	-	510,316,500
Accounts payable	11,890,538	-	11,890,538
Accrued expenses*	15,956,255	-	15,956,255
Lease liabilities	3,960,368	1,033,684	4,994,052
<b>Total financial liabilities</b>	<b>542,123,661</b>	<b>1,033,684</b>	<b>543,157,345</b>
<b>Total maturity gap</b>	<b>17,042,413</b>	<b>321,695,417</b>	<b>338,737,830</b>

\*Excluding government payables

	2023		Total
	Up to one year	Over one year	
Financial assets			
Cash	23,102,110	-	23,102,110
Loans and other receivables, net	441,452,515	369,399,529	810,852,044
Security deposits	4,761,292	-	4,761,292
Financial assets at FVOCI	80,000	-	80,000
<b>Total financial assets</b>	<b>469,395,917</b>	<b>369,399,529</b>	<b>838,795,446</b>
Financial liabilities			
Notes payable	484,652,041	26,222,222	510,874,263
Accounts payable	22,964,740	-	22,964,740
Accrued expenses*	13,371,819	-	13,371,819
Lease liabilities	9,527,935	9,887,494	19,415,429
<b>Total financial liabilities</b>	<b>530,516,535</b>	<b>36,109,716</b>	<b>566,626,251</b>
<b>Total maturity gap</b>	<b>(61,120,618)</b>	<b>333,289,813</b>	<b>272,169,195</b>

\*Excluding government payables

The Company expects to generate sufficient cash flows from its operating activities. In addition, the Parent Company is determined to provide financial support and other assistance to the Company to continue its business operations and meet its financial obligations at least for the next twelve (12) months, if the need arises.

## 18.2 Market risk

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (foreign exchange risk) and market interest rates (fair value, cash flow interest rate risks and price risk).

### Foreign exchange risk

The Company is not exposed to foreign exchange risk as it has no financial assets and liabilities denominated in a currency that is not the Company's functional currency.

### *Interest rate risk*

Interest rate risk is the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's exposure to interest rate risk pertains to its notes payable which are repriced periodically, based on the prevailing market interest rates (Note 10). The Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

### *Price risk*

The Company is not exposed to price risk as it does not have equity instruments and securities that are subject to price fluctuations.

## **18.3 Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers, and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The maximum exposure to credit risk relates to the following financial assets as at December 31:

	2024	2023
Cash	18,620,665	22,194,698
Loans and other receivables (net, ECL allowance)	858,003,240	810,852,044
Security deposits	4,733,792	4,761,292
	881,357,697	837,808,034

Cash excludes cash on hand. To reduce the Company's credit risk, the Company only maintains cash in domestic universal banks with strong financial standing.

Credit applications go through a process of screening using the Company's credit standards to minimize risk. For certain loans receivables, the Company enters into collateral arrangements with counterparties to limit the duration of exposures. The Company's motorcycle financing business has the motorcycle itself as collateral in case the borrower defaults on its loan. Other receivables from customers are secured by real estate and other chattel properties.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. One example of this is the medical professional market where most doctors are able to pay because of their higher disposable income.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with credit worthy counterparties. The security of loans and receivable is disclosed in Note 3.

The following summarizes the credit quality of the Company's Loans and other receivables:

	2024		2023
	Amount	Loss Rate	
Stage 1 - Neither past due nor impaired	728,350,372	3%	527,201,316
Stage 2 - Past due but not impaired	179,380,243	32%	350,964,928
Stage 3 - Impaired	91,606,950	65%	89,574,736
	999,337,565	100%	967,740,980

The movement in the allowance for credit losses is disclosed in Note 3.

Security deposits are made in connection with the lease arrangements (Note 16) with certain lessors.

The credit quality of the portfolio of loans and other receivables can be assessed by reference to the historical experience of the Company with the borrowers. All loans and other receivables neither past due nor impaired are considered high grade and can withstand weak economic conditions. These pertain to borrowers with strong repayment capacity, have excellent liquidity and low leverage. Mostly, these are the accounts with updated amortization payments. Past due accounts are not considered impaired as these are backed-up by collaterals and considered fully collectible based on management's experience.

#### 18.4 Fair value determination

The table below summarizes the carrying amount and fair value of financial assets and liabilities at December 31:

	2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	19,078,143	19,078,143	23,102,110	23,102,110
Loans and other receivables, net	858,003,240	858,003,240	810,852,044	810,852,044
Security deposits	4,733,792	4,733,792	4,761,292	4,761,292
Financial assets at FVOCI	80,000	80,000	80,000	80,000
	881,895,175	881,895,175	838,795,446	838,795,446
<b>Financial liabilities</b>				
Notes payable	510,316,500	510,316,500	510,874,263	510,874,263
Accounts payable	11,890,538	11,890,538	22,964,740	22,964,740
Accrued expenses	15,956,255	15,956,255	17,909,501	17,909,501
Lease liabilities	4,994,052	4,994,052	19,415,429	19,415,429
	543,157,345	543,157,345	571,163,933	571,163,933

The Company uses Market approach in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Company's investment properties as disclosed in Note 6 fall under Level 3 of the fair value hierarchy. The main Level 3 inputs used by the Company pertain to marketability and size.

The Company's financial assets at FVOCI are classified under Level 2 of the fair value hierarchy as at December 31, 2024 and 2023.

## **18.5 Capital management**

The primary objectives of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company considers its total equity as capital, excluding remeasurement gains on defined benefit liability. No changes were made in the objectives, policies or procedures in 2024.

Under R.A No. 8556, the Company is required to maintain the following capital requirements:

- (a) minimum paid-up capital of P10.00 million; and
- (b) additional capital requirements for each branch of P1.00 million for branches established in Metro Manila, P0.50 million for branches established in other classes of cities and P0.25 million for branches established in municipalities.

For the years ended December 31, 2024 and 2023, the Company is compliant with the minimum capital requirements.

The Company is also compliant with the minimum public float of 10% that is required by the PSE where the Company shares also are traded.

## **19 Summary of material accounting policies**

The material accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### **19.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial and Sustainability Reporting Standards Council, Board of Accountancy and adopted by the SEC.

The financial statements have been prepared under the fair value modification, as modified by the revaluation of investment properties, which is carried at fair value.

The preparation of these financial statements in conformity with PFRS Accounting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving estimates and judgments are disclosed in Note 17.

These financial statements are presented in Philippine Peso, which is the Company's functional currency. The Company has no transactions denominated in foreign currency as at and for the years ended December 31, 2024 and 2023.

## 19.2 Changes in accounting policies and disclosures

### (a) Amendments to existing standards adopted by the Company

The following amendments to existing standards are not mandatory for December 31, 2024 reporting period and have not been early adopted by the Company:

- Amendment to PAS 1, 'Presentation of Financial Statements'

PAS 1 requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendment to PAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, 'Income Taxes'

The amendments require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with (a) right-of-use assets and lease liabilities, and (b) decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The amendments to PAS 1 were considered by management in the December 31, 2024 and December 31, 2023 financial statements by disclosing material policy information rather than significant accounting policies. All other amendments to the existing standards did not have a material impact on the financial statements of the Company.

There are no other new standards, interpretations and amendments to existing standards effective January 1, 2025 that are considered to be relevant or have a material impact on the Company's financial statements.

### (b) Amendments to existing standards not yet adopted by the Company

The following amendments to existing standards are not mandatory for the December 31, 2024 reporting period and have not been early adopted by the Company.

- Amendments to PAS 1, 'Presentation of Financial Statements'

The amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability.

The adoption of the above amendment is not expected to have a material impact on the financial statements of the Company. There are no other new standards, amendments to existing standards or interpretations that are effective subsequent to September 30, 2024 that are expected to be relevant or expected to have a material impact on the financial statements of the Company.

- Amendments to PAS 7, '*Statement of Cash Flows*' and PFRS 7, '*Financial Instruments: Disclosures*'

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standard or interpretations effective subsequent to December 31, 2024 that are relevant or expected to have a material impact on the Company's financial statements.

### **19.3 Property and equipment, net**

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

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

Depreciation on property and equipment is computed using the straight-line method to allocate its costs less their residual values over an estimated useful life of three years.

The expected useful lives of property and equipment are as follows:

Category	Number of years
Furniture, fixtures and equipment	2-5
Leasehold rights and improvements	10 years or the period of the lease, whichever is shorter
Transportation equipment	3-5

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

#### **19.4 Repossessed asset**

Repossessed asset primarily consist of foreclosed motor vehicles and considered as asset held for sale which are disposed through a sale transaction rather than continuing use. These are initially measured at the lower of the carrying amount and fair value less cost to sell. The carrying amount of repossessed assets comprises the outstanding balance of the related loan receivable less allowance for impairment at the time of repossession.

On subsequent re-measurement of the repossessed asset, the Company recognizes an impairment loss within other expense in the statement of income for any initial or subsequent write-down to fair value less cost to sell. Repossessed asset are not depreciated while it is classified as held for sale.

Repossessed asset are derecognized upon disposal through a sale transaction. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and recognized as recovery of impairment up to the extent of the previously recognized impairment. Excess gains are recognized as gains from sale of repossessed assets in profit or loss.

The Company ceases to classify an asset as held for sale when the criteria for initial recognition are no longer met and are measured at the lower of its carrying amount that would have been recognized before the asset was classified as held for sale and its recoverable amount at the date of the subsequent decision not to sell.

#### **19.5 Investment properties**

Investment properties primarily consist of foreclosed real estate properties. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including any borrowing costs, as applicable.

Investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and independent valuation experts based on the "market approach". Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. In determining the carrying amount of investment property under the fair value model, the Company does not double-count assets or liabilities that are recognized as separate assets or liabilities.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, 'Revenue from Contracts with Customers'.

Transfers are made to (or from) investment property only when there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

## **19.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

### **19.6.1 Financial assets**

#### **(a) Classification of financial assets**

The Company classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income and at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets as at December 31, 2024 and 2023 include those that are measured at amortized cost.

#### *Financial assets at amortized cost*

These are the Company's assets that are held for collection of contractual cash flows, which represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses. Impairment losses are presented as provision for impairment loss of repossessed assets in the statement of total comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are presented as non-current assets. Financial assets measured at amortized cost comprise cash in bank, loans and other receivables, and security deposits.

#### **(b) Initial recognition and subsequent measurement**

Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognized at fair value plus transaction costs.

Financial assets are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment, if any.

#### **(c) Impairment of financial assets carried at amortized cost**

The Company assesses the ECL associated with its loans and other receivables measured and classified at amortized cost at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions. The Company has identified no macroeconomic variable that can be considered to materially affect the historical loss rates given the nature of its loan portfolio.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

#### *Definition of default and determination of significant increase in credit risk*

The Company defines loans and receivables as in default when the borrower delays on its contractual payments beyond the grace period allowed. The Company compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine if there is a significant increase in credit risk. Since comparison is made between information at reporting date against initial recognition, the deterioration in credit risk may be triggered by qualitative factors such as confirmation of the existence of the borrower, or adverse trends or developments in the market that may affect the borrower or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics affecting the loan portfolio that may lead to significant losses or may result in the collection of the outstanding loan amount to be highly improbable.

#### *Staging assessment*

For non-credit impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk since initial recognition. The Company recognized a 12-month ECL for Stage 1 financial assets.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognized a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

Financial assets are classified as Stage 3 when there is an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. The ECL model requires a lifetime ECL for impaired financial assets.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate. ECL is only recognized or released to the extent that there is a subsequent change in the ECL.

#### *Measuring ECL*

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- The PD represents the likelihood that the borrower will default (as per "Definition of default" above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD).
- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, if relevant. These assumptions vary on each loan product.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made in 2024 and 2023.

(d) Impairment of financial assets carried at amortized cost

Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

### 19.6.2 Financial liabilities

The Company's financial liabilities are limited to those classified at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Company's financial liabilities at amortized cost comprise of accounts payable, notes payable, accrued expenses (except for accrued taxes) and lease liabilities.

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not carried at FVTPL are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as non-current liabilities.

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled or has expired.

### 19.7 Fair value measurement

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

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

#### *Financial assets and financial liabilities*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

#### *Non-financial assets*

The fair value of a non-financial asset is measured based on its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

#### **19.8 Impairment of non-financial assets**

The Company assesses at each end of the reporting period whether there is an indication that its non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The estimated recoverable amount of an asset is the greater of the asset's fair value less costs to sell and value-in-use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

#### **19.9 Earnings per share (EPS)**

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS; however, the net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

#### **19.10 Income recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

### *Interest income*

Interest income is recognized in profit or loss for all interest-bearing financial instrument using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

For credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount less the allowance for expected credit loss.

### *Other income*

Other income is recognized when earned at a point in time, when the related services have been rendered and the right to receive payment is established.

## **19.11 Employee benefits and retirement benefit obligation**

### *Short term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expense as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *Retirement benefit obligation (asset)*

Pension benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Plan assets comprise assets held by the retirement benefit plan which will be used to pay or fund employee benefits.

The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the defined benefit plan. The amount of defined benefit asset recognized in the books is reduced by the amount of asset ceiling.

Remeasurement gains or losses are charged or credited to equity in the period in which they arise. Past service costs are recognized immediately in profit or loss.

## 19.12 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the implicit borrowing rate in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

### iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

#### iv. Pre-termination of lease

For pre-termination of a lease, the lessee must derecognize the right-of-use asset and lease liability related to the terminated portion. Any difference between the carrying amounts of these items is recognized as a gain or loss in profit or loss. If termination involves penalties or compensation payments, these are also accounted for in the financial statements

### 19.13 Income taxes

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *DIT*

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

DIT liabilities are recognized for all taxable temporary differences, except where the DIT 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 income or loss; and in respect of 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.

DIT assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess MCIT over regular CIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry-forward benefits of unused tax credits and unused tax losses can be utilized except:

- where the DIT 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 income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, DIT assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

DIT assets and liabilities are measured at the tax rates that are expected to apply to 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 end of the reporting period.

## 20 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

### 20.1 Revenue Regulations (RR) No. 15-2010

(a) The Company registered as a percentage taxpayer.

The Company's other taxes and licenses for the year ended December 31, 2024 include the following:

	2024	2023
Gross receipts tax (GRT)	11,644,971	9,720,139
Documentary stamp taxes (DST)	894,553	1,382,451
DST on stock dividends	19,385	26,779
License and permit fees	2,940,624	1,587,657
	15,499,533	12,717,026

The above are lodged under "Taxes and Licenses" account in the Company's statement of total comprehensive income. As at December 31, 2024, accrued GRT and DST amounted to P4,638,957 and P44,625, respectively.

(b) Withholding taxes

Withholding taxes incurred and accrued for the year ended December 31, 2024 are as follows:

	2024	2023
Withholding tax on compensation	2,710,330	2,185,102
Final withholding tax	30,225	41,720
Expanded withholding taxes	6,888,989	5,950,398
	9,629,544	8,177,220

No withholding taxes were paid to the BIR for the year ended December 31, 2024.

(c) Tax examinations/Tax cases

There are no tax cases nor litigation and/or prosecution in courts or bodies outside the BIR during the year ended December 31, 2024.

### 20.2 RR No. 34-2020

On December 18, 2020, BIR issued RR NO. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the Related Party Transaction Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of taxpayers prescribed in Section 2 of the RR.





## Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Makati Finance Corporation**  
3rd Floor Mazda Makati Building  
2301 Chino Roces Avenue  
Barangay Magallanes, Makati City

We have audited the financial statements of Makati Finance Corporation as at and for the year ended December 31, 2024, on which we have rendered the attached report dated April 15, 2025.

The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, and the Map of the Group of Companies within which Makati Finance Corporation belongs as at December 31, 2024, as additional components required by Part I, Section 5 of the Revised SRC Rule 68, and Schedules A, B, C, D, E, F and G, as required by Part II of the Revised SRC Rule 68, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the Securities Regulation Code.

### Isla Lipana & Co.

  
  
Zaldy D. Aguirre  
Partner

CPA Certificate No. 8768000

P.T.R. No. 0001117, issued on January 3, 2025, Makati City

TIN 000-000-000

BIR A.N. 00-000715-077-2023, issued on December 22, 2023; effective until December 21, 2026

BOA/SEC Reg. No. 0112, effective until November 14, 2025

Makati City  
April 15, 2025

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)



**EXHIBIT I**

---

**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
DECEMBER 31, 2024**

---

Unappropriated Retained Earnings, available for dividends distribution - beginning as previously presented	P106,988,750
<b>Add: Net income actually earned/realized during the year</b>	
Net income during the period	14,462,421
<b>Less: Dividends declared during the year</b>	(3,877,065)
Fair value change in investment properties	(3,335,775)
<hr/>	
<b>RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DISTRIBUTION</b>	<b>P114,238,331</b>

---

## EXHIBIT II

### SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2024

	2024	2023
<b>SOLVENCY AND LIQUIDITY RATIOS</b>		
Current ratio	123.37%	105.75%
Debt to equity ratio	94.88%	102.40%
Quick ratio	101.60%	86.27%
<b>PROFITABILITY RATIOS</b>		
Return on assets	1.26%	1.12%
Return on equity	2.46%	2.26%
Net profit margin	7.24%	7.17%
<b>ASSET TO EQUITY RATIO</b>	194.88%	202.40%
<b>INTEREST RATE COVERAGE RATIO</b>	1.64	1.50

Computation for the Ratios:

- Current ratio = Current Assets/Current Liabilities
- Debt to Equity Ratio = Total Liabilities/Total Equity
- Quick Ratio = Quick Assets/Current Liabilities
- Return on Assets = Net Income After Tax/Total Assets
- Return on Equity = Net Income After Tax/Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity

**EXHIBIT III**

---

**SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-F  
PURSUANT TO SRC RULE 68, AS AMENDED  
DECEMBER 31, 2024**

	2024	2023
<b>Ratio or percentage of total real estate investments to total assets</b>	<b>8.63%</b>	<b>13.26%</b>
<b>Total receivables to total assets</b>	<b>75.03%</b>	<b>70.15%</b>
<b>Total DOSRI receivables to net worth</b>	<b>0.58%</b>	<b>1.10%</b>
<b>Amount of receivables from a single corporation to total receivables:</b>		
Amalgamated Investment Bancorporation (AIB)	0.02%	0.02%
Motor Ace Philippines, Inc. (MAPI)	0.04%	0.04%
Honda Motor World, Inc. (HMWI)	0.02%	0.02%
MAPI Lending Investors, Inc. (MAPILI)	0.17%	0.28%
HMW Lending Investors, Inc. (HMWLI)	0.14%	0.40%



**Schedule D. Intangible Assets - Other Assets**

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deduction)	Ending balance
84pcs. GV 25 Tracking Device	2,000	–	2,000	–	–	0
Website security renewal	2,166	–	2,166	–	–	0
Renewal of Makatifinance.ph domain	6,217	–	6,217	–	–	0
Hostgator, webhosting, web backup/security	4,865	–	4,865	–	–	0
SYNC renewal	5,035	–	5,035	–	–	0
Web hosting upgrade	28,130	–	4,943	–	–	23,187
Central Device Encryption - 10Users @ 2780.00	7,441	–	5,560	–	–	1,881
Sophos Central Intercept X Advanced with EDR	111,650	–	46,200	–	–	65,450
Sophos Central Intercept X Advanced for Server	13,436	–	11,864	–	–	1,572
20PCS GV 25 Tracking Device	33,000	–	8,800	–	–	24,200
71 units for dual network sim for GPS trucking	5,918	–	5,916	–	–	2
Hostgator, webhosting, web backup/security - makatifinance.ph	5,197	–	5,196	–	–	1
QNE Maintenance	16,667	–	4,000	–	–	12,667
Supply and Delivery of SOPHOS Antivirus Renewal	275,058	–	57,308	–	–	217,750
GPS Installation warehouse truck	690.00	–	689	–	–	1
Renewal of Makatifinance.ph domain (2 years)	9,456	–	9,456	–	–	0
Renewal of Makatifinance.ph domain	–	4,025	1,174	–	–	2,851
16 pcs. Microsoft Office Software 2021	–	112,000	11,200	–	–	100,800
Sophos XGS 2100 Xstream + Email and Web Server - 3 years	–	740,000	49,333	–	–	690,667
SYNC Renewal	–	11,760	1,960	–	–	9,800
Renewal of Sitelock Essentials and Codeguard Basic	–	7,674	1,279	–	–	6,395
Google Workspace Monthly Renewal	–	22,290	1,861	–	–	20,429
Canva PRO Team Subscription	–	7,041	293	–	–	6,747
Hostgator.Com, LLC -Google Workspace	–	22,325	–	–	–	22,325
<b>TOTAL</b>	<b>₱ 530,485</b>	<b>₱ 927,115</b>	<b>₱250,874</b>	<b>₱ –</b>	<b>₱ –</b>	<b>₱1,206,726</b>

**Schedule E. Long Term Debt**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long term debt" in related statement of financial position	Amount shown under caption "Long-Term Debt" in statement of financial position
	P—	P—	P—

**Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)**

Name of related party	Balance at beginning of period	Balance at end of period
	P—	P—

**Schedule G. Guarantees of Securities of Other Issuers**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
NONE	P—	P—	P—	P—

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	77,841,803	77,841,803	—	77,841,803	—	—
COMMON	72,406,597	72,406,597	—	72,406,597	—	—
COMMON	57,601,615	57,601,615	—	57,601,615	—	—
COMMON	10,188,103	10,188,103	—	—	—	10,188,103
COMMON	9,685,633	9,685,633	—	9,685,633	—	—
COMMON	9,062,868	9,062,868	—	—	9,062,868	—
COMMON	7,638,705	7,638,705	—	—	7,638,705	—
COMMON	6,855,756	6,855,756	—	—	—	6,855,756
COMMON	6,527,404	6,527,404	—	—	—	6,527,404
COMMON	6,266,601	6,266,601	—	—	—	6,266,601
COMMON	2,759,174	2,759,174	—	—	2,759,174	—
COMMON	1,042,954	1,042,954	—	—	—	1,042,954
COMMON	813,302	813,302	—	—	—	813,302
COMMON	553,755	553,755	—	—	—	553,755
COMMON	532,714	532,714	—	—	—	532,714
COMMON	473,276	473,276	—	473,276	—	—
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	326,331	326,331	—	—	—	326,331
COMMON	313,297	313,297	—	—	—	313,297
COMMON	197,043	197,043	—	—	—	197,043
COMMON	114,506	114,506	—	—	38,167	76,339
COMMON	63,209	63,209	—	—	—	63,209
COMMON	37,022	37,022	—	—	—	37,022

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	—	27,184
COMMON	27,184	27,184	—	—	8,578	18,606
COMMON	27,183	27,183	—	—	—	27,183
COMMON	25,743	25,743	—	—	—	25,743
COMMON	25,314	25,314	—	—	—	25,314
COMMON	22,014	22,014	—	—	—	22,014
COMMON	20,803	20,803	—	—	—	20,803
COMMON	20,803	20,803	—	—	—	20,803
COMMON	20,803	20,803	—	—	—	20,803
COMMON	19,434	19,434	—	—	—	19,434
COMMON	17,681	17,681	—	—	—	17,681
COMMON	10,799	10,799	—	—	—	10,799
COMMON	7,871	7,871	—	—	—	7,871
COMMON	7,833	7,833	—	—	—	7,833
COMMON	7,746	7,746	—	—	—	7,746
COMMON	6,044	6,044	—	—	—	6,044
COMMON	2,990	2,990	—	—	—	2,990

**Schedule H. Capital Stock**

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	2,568	—
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	2,568	—
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,568	2,568	—	—	—	2,568
COMMON	2,567	2,567	—	—	2,567	—
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	2,567	—
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,567	2,567	—	—	—	2,567
COMMON	2,566	2,566	—	—	—	2,566

Schedule H. Capital Stock

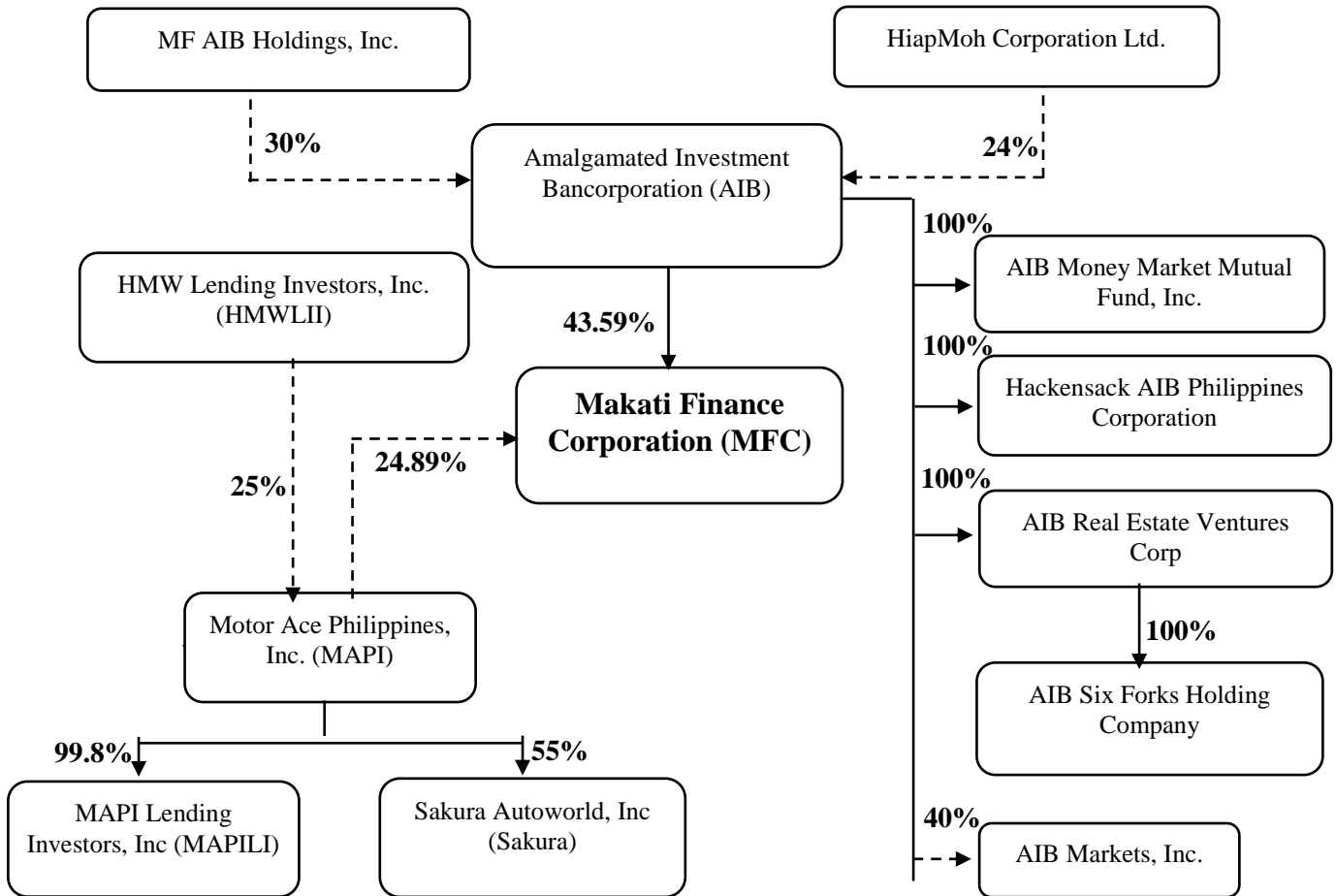
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	1,640	1,640	—	—	—	1,640
COMMON	1,423	1,423	—	—	—	1,423
COMMON	1,222	1,222	—	—	—	1,222
COMMON	1,064	1,064	—	—	—	1,064
COMMON	810	810	—	—	—	810
COMMON	550	550	—	—	—	550
COMMON	422	422	—	—	—	422
COMMON	290	290	—	—	—	290
COMMON	225	225	—	—	—	225
COMMON	115	115	—	—	—	115
COMMON	115	115	—	—	—	115
COMMON	115	115	—	—	—	115
COMMON	115	115	—	—	—	115
COMMON	73	73	—	—	—	73
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	34	34	—	—	—	34
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	17	17	—	—	—	17
COMMON	14	14	—	—	—	14
COMMON	1	1	—	—	—	1
COMMON	1	1	—	—	—	1
COMMON	1	1	—	—	—	1

**Schedule H. Capital Stock**

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
COMMON	1	1	—	—	1	—
<b>TOTAL</b>	<b>273,900,122</b>	<b>273,900,122</b>	<b>100%</b>	<b>218,008,924</b>	<b>19,517,769</b>	<b>36,373,429</b>

**EXHIBIT V  
MAKATI FINANCE CORPORATION**

**MAP OF THE GROUP OF COMPANIES WITHIN WHICH MAKATI FINANCE CORPORATION BELONGS AT DECEMBER 31, 2024**



**Legend:**

- - - Associate
- Subsidiary

**EXHIBIT VI**  
**MAKATI FINANCE CORPORATION**

---

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE**  
**DECEMBER 31, 2024**

	<b>2024</b>	<b>2023</b>
<b>Total Audit Fee</b>	<b>450,000</b>	<b>394,240</b>
Non-Audit Fee:		
Other assurance services	0	0
Tax services	0	0
All other services	0	0
<b>Total Non -audit Fees</b>	<b>0</b>	<b>0</b>
<b>Total Audit and Non-audit Fees</b>	<b>450,000</b>	<b>394,240</b>



May 15, 2025

via eFAST

[ictdsubmission@sec.gov.ph](mailto:ictdsubmission@sec.gov.ph)

**SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City, 1209

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**  
Director, Markets and Securities Regulation Dept.

**The Disclosure Department**

**THE PHILIPPINE STOCK EXCHANGE, INC.**

5th Avenue cor. 28th Street, Bonifacio Global City, Taguig City 1634

Attention: **Atty. Johanne Daniel M. Negre**  
OIC, Disclosure Department

Gentlemen:

We are sending herewith the Quarterly Report for the period ended March 31, 2025 (SEC Form 17-Q) of Makati Finance Corporation.

We are making this disclosure in compliance with the Continuing Listing Requirements of the Philippine Stock Exchange.

**MAKATI FINANCE CORPORATION**

Registrant

By:

A handwritten signature in black ink, which appears to be 'Charito S. Espiritu', is written over a solid black rectangular redaction box.

**CHARITO S. ESPIRITU**  
Chief Finance Officer/CIO



SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2025**
2. Commission identification number **28788**
3. BIR Tax Identification No. **000-473-966**

**MAKATI FINANCE CORPORATION**

4. Exact name of issuer as specified in its charter

**MAKATI CITY, PHILIPPINES**

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code  (SEC Use Only)

7. Address of issuer's principal office **3F Mazda Makati, 2301 Chino Roces Avenue, Brgy. Magallanes, Makati City** **1231**  
Postal Code

**(0632) 7751-8132**

8. Issuer's telephone number, including area code

**7823 MAKATI AVENUE, POBLACION, MAKATI CITY 1210**

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA  
Title of each Class Number of shares of common stock  
outstanding and amount of debt outstanding

**COMMON STOCK**

**273,900,122\***

*\*as reported by the stock transfer agent as of March 31, 2025*

11. Are any or all of the securities listed on a Stock Exchange?

Yes  No

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE

Common Stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

## TABLE OF CONTENTS

### PART I - FINANCIAL STATEMENTS

#### Item 1. Financial Statements

- Unaudited Interim Statements of Financial Position as of March 31, 2025 and 2024, and Audited Consolidated Statements of Financial Position as of December 31, 2024.
- Unaudited Interim Statements of Comprehensive of Income for the First Three Months ended March 31, 2025 and 2024, and Audited Consolidated Statements of Income as of December 31, 2024.
- Unaudited Interim Statement of Changes in Equity for the First Three Months ended March 31, 2025 and 2024, and Audited Consolidated Statement of Changes in Equity as of December 31, 2024.
- Unaudited Interim Statements of Cash Flows for the First Three Months Ended March 31, 2025 and 2024, and Audited Consolidated Statements of Cash Flows as of December 31, 2024.
- Notes to Interim Consolidated Financial Statements 6 Item 2. Management's Discussion and Analysis of the Financial Condition 41 and Results of Operations

### PART II - OTHER INFORMATION

#### Item 3. Developments as of March 31, 2025

#### Item 4. Other Notes to 2025 Operations and

#### Item 5. Performance Indicators

Signature

## PART I--FINANCIAL INFORMATION

Item 1. Financial Statements. ( See Annex A )

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

Key Variable and Other Qualitative and Quantitative Indicators

Financial Ratios (For the Quarter Ending March)

	2025	2024
NET INTEREST INCOME RATIO	4.74%	3.94%
EBIT MARGIN	28.18%	32.34%
RETURN ON ASSETS (ANNUALIZED)	1.68%	1.06%
DEBT TO EQUITY	93.5%	101.25%
RETURN ON EQUITY (ANNUALIZED)	3.25%	2.12%

Comparative Period: Q1 2025 vs. Q1 2024

In the first quarter of 2025, the company demonstrated a generally positive financial trajectory compared to the same period in 2024, with improvements in liquidity, profitability, and capital structure.

Liquidity significantly strengthened, with the current ratio rising to 1.84x from 1.03x, mainly due to the substantial increase in current assets, particularly net loans and receivables, which nearly doubled year-on-year. Although cash levels declined slightly, the growth in receivables suggests increased lending or operational activity, reflecting business expansion. This improvement enhances the company's short-term financial resilience and its ability to meet immediate obligations.

In terms of profitability, the company recorded an increase in net income, from ₱3.05 million in Q1 2024 to ₱4.80 million in Q1 2025, supported by higher interest income and relatively controlled operating expenses. The Net Interest Income Ratio improved to 4.74% from 3.94%, indicating better efficiency in generating net interest income from its earning assets. Moreover, both Return on Assets (ROA) and Return on Equity (ROE) improved, with ROA increasing from 1.06% to 1.68%, and ROE rising from 2.12% to 3.25%. These figures reflect enhanced utilization of both asset base and shareholder capital to generate earnings.

However, the EBIT margin declined from 32.34% to 28.18%, suggesting that while revenue grew, operating costs also increased—particularly in areas such as salaries, provisions for credit losses, and general administrative expenses. This margin compression may signal growing overheads or investment in infrastructure and should be monitored closely to ensure operational efficiency remains aligned with revenue growth.

On the capital structure front, the company's debt-to-equity ratio improved from 101.25% in Q1 2024 to 93.5% in Q1 2025, indicating a more balanced and less leveraged position. This reflects reduced financial risk and a stronger equity base, which enhances the company's capacity to absorb potential shocks and positions it more favorably for future financing.

Overall, the company's Q1 2025 performance shows encouraging signs of financial improvement, with stronger liquidity, enhanced profitability metrics, and a healthier balance sheet. Continued focus on cost efficiency and maintaining quality in its loan portfolio will be critical in sustaining this positive momentum.

### Liquidity

As for the Company's working capital requirements, the Company monitors its liquidity position on a daily basis and does not anticipate any cash flow or liquidity problem within the next twelve months. Makati Finance has available credit lines with its parent company, Amalgamated Investment Bancorporation at interest within accepted regulatory requirements to be considered as arms-length transaction and other bank lines. The Company also get other bank lines for possible cash inflow. The Company's acquired assets are being offered at good prices, which is also a good source of funds. In the meantime, fund requirements are being met by loans, collections, acceptance of private placements under the 19 lender rule and

intensive efforts in disposal of real estate acquired assets.

#### Events that will Trigger Material Direct or Contingent Financial Obligation

There are no expected events that will trigger any material direct or contingent liabilities that the company may incur.

#### Material Off-Balance Sheet Transactions, Arrangements or Obligations

There are no material Off-Balance Sheet transactions, arrangements or obligations.

#### Material Commitments for Capital Expenditure

### **Results of Operations/Material Changes in Financial Statement Accounts**

For the quarter ended March 31, 2025, the Company recorded a net income of ₱4.80 million, a 57% increase from ₱3.05 million in the same period of 2024. The improvement was driven by a 19% rise in interest income, which grew from ₱41.49 million to ₱49.46 million due to the expansion of the loan portfolio. Net interest margin improved by 26%, reaching ₱40.32 million. Despite a 43% decline in other income—mainly from lower miscellaneous income—total operating income rose to ₱42.62 million from ₱36.19 million. Operating expenses increased by 13% year-on-year, largely due to higher salaries and employee benefits, provisions for credit losses, and administrative costs. Nevertheless, the Company's income before tax improved by 57%, reflecting stronger operational efficiency.

On the balance sheet, total assets stood at ₱1.14 billion as of March 31, 2025, relatively stable compared to ₱1.16 billion in the prior year. Notable changes include a significant ₱401.5 million increase in current loans and receivables, and a ₱24 million increase in other current assets. Investment properties declined by ₱52.4 million as a result of the sale of the BGC property in June 2024, while right-of-use assets dropped by ₱12 million, consistent with the reduction in lease liabilities following the termination of lease contracts related to the discontinued motorcycle lending operations. Total liabilities slightly decreased, and total equity improved to ₱591.6 million from ₱574.1 million, resulting in a healthier debt-to-equity ratio of 93.5%, compared to 101.25% in the previous year.

### **Material Events or Uncertainties**

The Company had no material foreign exchange transactions; hence the peso depreciation had no direct effect on the company's financials. Management is not aware at this time of any forthcoming trends, uncertainties, demands, or events that would materially affect the Company's liquidity nor would have a material impact on its net income from continuing operations. There are also no material off-balance sheet transactions, arrangements nor obligations with unconsolidated entities.

## **PART II--OTHER INFORMATION**

NOT APPLICABLE.

There are no material disclosures that have not been reported under SEC Form 17-C covered by this period.

**SIGNATURES**

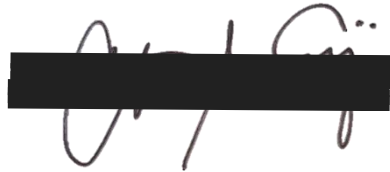
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.



Issuer.....**ROBERT CHARLES M. LEHMANN**.....

Signature and Title.....**CHAIRMAN**.....

Date .....May 14, 2025



Principal Financial/Accounting Officer/Controller.....**CHARITO S. ESPIRITU**.....

Signature and Title..... Chief Finance Officer/Compliance Officer...

Date ..... May 14, 2025

## **ANNEX A**

### **INTERIM FINANCIAL STATEMENTS** For the Period Ending March 31, 2025 With Comparative Figures for 2024

**MAKATI FINANCE CORPORATION**  
*(A Subsidiary of Amalgamated Investment Bancorporation)*

**INTERIM STATEMENTS OF FINANCIAL POSITION**  
**FOR THE PERIOD ENDING MARCH 31, 2025, 2024 AND DECEMBER 31, 2024**

	Notes	Mar. 31, 2025 (Unaudited)	Dec. 31, 2024 (Audited)	Mar. 31, 2024 (Unaudited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and Cash Equivalents	2	17,088,988	19,078,143	17,789,697
Loans and other receivables, net	3,18	599,827,592	535,274,139	443,931,403
Other assets, net	4	132,139,548	118,802,559	108,098,526
<b>Total current assets</b>		<b>994,634,324</b>	<b>673,154,841</b>	<b>569,819,626</b>
<b>Non-current assets</b>				
Loans and other receivables, net	3,18	251,163,413	322,729,101	371,473,818
Property and equipment, net	5	7,970,123	7,042,381	5,230,451
Investment properties	6	98,839,316	98,664,010	151,212,587
Right-of-use asset, net	16	4,546,617	4,546,617	16,531,808
Deferred tax assets, net	13	38,783,958	37,437,621	41,138,618
<b>Total non-current assets</b>		<b>150,140,014</b>	<b>470,419,730</b>	<b>585,587,282</b>
<b>Total assets</b>		<b>1,144,774,338</b>	<b>1,143,574,571</b>	<b>1,155,406,908</b>
<b>Current liabilities</b>				
Current portion of Notes payable	9,18	514,466,322	510,316,500	491,762,803
Accounts payable		372,460	11,890,538	29,811,138
Accrued expenses	8	16,477,697	15,956,255	19,197,728
Lease liabilities	16,18	3,960,368	3,960,368	9,527,935
Income tax payable	13	6,444,932	3,499,018	4,013,178
<b>Total current liabilities</b>		<b>541,721,779</b>	<b>545,622,679</b>	<b>554,312,782</b>
<b>Non-current liabilities</b>				
Notes payable	9,18	0	0	6,555,555
Lease liabilities	16,18	1,033,684	1,033,684	9,887,494
Retirement benefit obligation, net	14	10,413,152	10,113,152	10,525,288
<b>Total non-current liabilities</b>		<b>11,446,836</b>	<b>11,146,836</b>	<b>26,968,337</b>
<b>Total liabilities</b>		<b>553,168,615</b>	<b>556,769,515</b>	<b>581,281,119</b>
<b>Equity</b>				
Capital stock	10	273,900,122	273,900,122	271,961,630
Additional paid-in capital		5,803,922	5,803,922	5,803,922
Retained earnings		300,713,546	295,912,879	288,377,277
Remeasurement gain on retirement benefit obligation	14	11,188,133	11,188,133	7,982,960
<b>Total equity</b>		<b>591,605,723</b>	<b>586,805,056</b>	<b>574,125,789</b>
<b>Total liabilities and equity</b>		<b>1,144,774,338</b>	<b>1,143,574,571</b>	<b>1,155,406,908</b>

(The notes on pages 1 to 36 are an integral part of these financial statements.)

**MAKATI FINANCE CORPORATION**  
*(A Subsidiary of Amalgamated Investment Bancorporation)*

**INTERIM STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDING MARCH 31, 2025, 2024 AND DECEMBER 31, 2024**

	Notes	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Interest income	2,3,7	49,460,780.00	183,657,793	41,493,370
Interest expense	7,9,16	(9,136,445.00)	(38,120,468)	(9,351,978)
<b>Net interest margin</b>		<b>40,324,335.00</b>	145,537,325	32,141,392
<b>Other income</b>				
Service charges	11	2,727,250.00	9,031,628	1,784,988
Fair value adjustment on investment properties	6,12	-	4,447,700	-
Gain on sale of investment property	6,12	-	21,568,169	-
Miscellaneous	12	- 428,236.00	19,134,849	2,264,683
Total other income		2,299,014.00	54,182,346	4,049,671
Total operating income		42,623,349.00	199,719,671	36,191,063
<b>Operating expenses</b>				
Salaries and employee benefits		14,744,707.00	64,274,365	13,921,733
Provision for credit losses	3	4,194,662.00	19,349,940	2,691,496
Taxes and licenses		3,539,914.00	17,929,494	3,453,980
Depreciation and amortization	4,5,16	652,135.00	16,603,690	720,881
Management and professional fees		1,873,053.00	10,895,941	1,640,466
Travel and transportation		1,089,583.00	5,038,518	1,187,263
Occupancy costs		2,897,815.00	3,188,214	4,784,028
Commission		982,238.00	4,943,426	928,030
Provision for impairment loss of repossessed assets	4	890,686.00	1,937,134	325,725
Entertainment, amusement and recreation		418,957.00	1,180,090	159,721
Miscellaneous	12	4,939,355.00	30,059,715	2,312,106
Total operating expenses		36,223,105.00	175,400,527	32,125,429
<b>Income before income tax</b>		<b>6,400,244.00</b>	24,319,144	4,065,634
Income tax expense	13	1,599,577.00	9,856,723	1,015,877
<b>Net income</b>		<b>4,800,667.00</b>	14,462,421	3,049,757
Other comprehensive (loss) income		-	3,205,173	-
<b>Total comprehensive income for the year</b>		<b>4,800,667.00</b>	17,667,594	3,049,757
Basic and diluted earnings per share	10	0.02	0.05	0.01

(The notes on pages 1 to 36 are an integral part of these financial statements.)

**MAKATI FINANCE CORPORATION**  
*(A Subsidiary of Amalgamated Investment Bancorporation)*

**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDING MARCH 31, 2025, 2024 AND DECEMBER 31, 2024**

	Capital stock (Note 10)	Additional paid-in capital	Retained earnings	Remeasurement gain (loss) on retirement benefit obligation	Total equity
<b>Balances at January 1, 2023</b>	269,283,709	5,803,922	277,759,903	10,251,701	563,099,235
Transactions with owners					
Stock dividends	2,677,921	-	(2,677,921)	-	-
Cash dividends	-	-	(2,678,008)	-	(2,678,008)
Total transactions with owners	2,677,921		(5,355,929)		(2,678,008)
<b>Comprehensive income</b>					
Net income for the year	-	-	12,923,549	-	12,923,549
Other comprehensive income	-	-	-	(2,268,741)	(2,268,741)
Total comprehensive income	-	-	12,923,549	(2,268,741)	10,654,808
<b>Balances at December 31, 2023</b>	271,961,630	5,803,922	285,327,523	7,982,960	571,076,035
Transactions with owners					
Stock dividends	1,938,492	-	(1,938,492)	-	-
Cash dividends	-	-	(1,938,573)	-	(1,938,573)
Total transactions with owners	1,938,492		(3,877,065)		(1,938,573)
<b>Comprehensive income</b>					
Net income for the year	-	-	14,462,421	-	14,462,421
Other comprehensive loss	-	-	-	3,205,173	3,205,173
Total comprehensive income (loss)	-	-	14,462,421	3,205,173	17,667,594
<b>Balances at December 31, 2024</b>	273,900,122	5,803,922	295,912,879	11,188,133	586,805,056
Transactions with owners					
Stock dividends	-	-	-	-	-
Cash dividends	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
<b>Comprehensive income</b>					
Net income for the year	-	-	4,800,667	-	4,800,667
Other comprehensive loss	-	-	-	-	-
Total comprehensive income (loss)	-	-	4,800,667	-	4,800,667
<b>Balances at March 31, 2025</b>	<b>273,900,122</b>	<b>5,803,922</b>	<b>300,713,546</b>	<b>11,188,133</b>	<b>591,605,723</b>

(The notes on pages 1 to 36 are an integral part of these financial statements.)

**MAKATI FINANCE CORPORATION**  
*(A Subsidiary of Amalgamated Investment Bancorporation)*

**INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE PERIOD ENDING MARCH 31, 2025, 2024 AND DECEMBER 31, 2024**

	Notes	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		6,400,244	24,319,144	4,065,634
Adjustments for:				
Provision for credit losses on loans and other receivables	3	4,194,662	15,554,612	2,691,496
Depreciation and amortization	4,5,16	652,135	16,603,690	720,881
Fair value change in investment properties	6	-	(4,447,700)	-
Retirement benefits expense	14	300,000	3,093,037	300,000
Interest expense from lease liabilities	16	-	905,309	-
Provision for (reversal of) impairment loss of repossessed assets	4	890,686	1,937,134	325,725
(Gain)/Loss from sale of repossessed assets	4	2,836,659	(99,021)	-
Gain from sale of property and equipment		-	(1,153,360)	-
Gain on lease termination		-	(1,880,589)	-
Lease additions, net of modification		-	-	-
Operating income before working capital changes		15,274,386	54,832,256	8,103,736
Decrease (increase) in:				
Loans and other receivables		2,817,574	(62,349,661)	(7,244,672)
Other assets		(11,705,639)	(13,946,808)	(3,568,501)
Increase (decrease) in:				
Accounts payable		(11,518,078)	(11,074,202)	6,846,398
Accrued expenses		521,442	(5,567,567)	1,288,226
Cash (used in) generated from operations		(4,610,315)	(38,105,982)	5,425,187
Income taxes paid		-	(2,236,014)	-
Net cash flows (used in) provided by operating activities		(4,610,315)	(40,341,995)	5,425,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of property and equipment	5	(1,579,877)	(4,278,985)	-281,695
Additions to software	4	226,521	(676,242)	-
Additions/Disposals of investment properties	6	(175,306)	59,096,277	2,100,000
Net cash from (used in) investing activities		(1,528,662)	54,141,050	1,818,305
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availment of notes payable		68,266,436	126,793,767	35,063,031
Settlement of notes payable		(64,116,614)	(127,351,531)	(47,618,936)
Payment of lease liabilities	16	-	(15,326,685)	-
Cash dividends paid	10	-	(1,938,573)	-
Net cash from (used in) financing activities		4,149,822	(17,823,022)	(12,555,905)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,989,155)	(4,023,967)	(5,312,413)
Cash and cash equivalents				
01-Jan		19,078,143	23,102,110	23,102,110
31-Dec		17,088,988	19,078,143	17,789,697

(The notes on pages 1 to 36 are an integral part of these financial statements.)

**MAKATI FINANCE CORPORATION**  
*(A Subsidiary of Amalgamated Investment Bancorporation)*

---

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**AS AT AND FOR THE PERIOD ENDED MARCH 31, 2025 AND 2024**  
**(WITH COMPARATIVE FIGURES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024)**

**1 General information**

Makati Finance Corporation (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 1966. The Company is a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

The Company is considered a public company under Rule 3.1 of Implementing Rules and Regulations of the Securities Regulation Code (SRC), which, among others, defines a public company as any corporation with a class of equity securities listed on an exchange, or with assets of at least P50 million and having 200 or more shareholders, each of which holds at least 100 shares of its equity securities.

On March 11, 2002, the Board of Directors (BOD) and shareholders approved the offer of up to 19,560,000 shares from the Company’s unissued common shares through initial common public offering (IPO). The application for the IPO of the Company was approved by the SEC and the Philippine Stock Exchange (PSE) on December 9, 2002 and November 28, 2002, respectively. The Company was listed in the PSE under the Small and Medium Enterprise Board on January 6, 2003, with an offer price of P1.38 per share.

As at March 31, 2025, December 31, 2024, and March 31, 2024 the Company’s closing price at the PSE amounts to ₱ 1.63, ₱1.99, and ₱1.72 per share, respectively.

Amalgamated Investment Bancorporation (AIB) (the “Parent Company”) owns 43.59% and 43.41% of the Company as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

The Company’s registered office address, which is also its principal place of business, is at 3rd Floor Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City.

The Company has 123, 146 and 142 employees as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

**2 Cash**

This account consists of:

	<b>March 31, 2025</b>	December 31, 2024	March 31, 2024
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Cash on hand	<b>437,753</b>	457,478	726,612
Cash in bank	<b>16,651,235</b>	18,620,665	17,063,085
	<b>₱17,088,988</b>	₱19,078,143	₱17,789,697

Cash in banks earn interest at the prevailing bank deposit rates which range from 0.05% to 0.093% as of March 31, 2025, December 31, 2024, and March 31, 2024. Interest income on cash in banks amount to ₱2,818, ₱14,033, and ₱3,092 as of March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

### 3 Loans and other receivables, net

The account as at March 31 and December 31 consist of:

	<b>31-Mar-25</b> <b>Unaudited</b>	31-Dec-24 Audited	31-Mar-24 Unaudited
Consumer	<b>738,011,834</b>	759,459,046	712,611,000
Services	<b>242,037,103</b>	222,446,422	250,248,303
Other receivables	<b>16,471,052</b>	17,432,096	12,126,350
	<b>996,519,989</b>	999,337,564	974,985,653
Allowance for expected credit loss (ECL)	<b>(145,528,986)</b>	(141,334,324)	(159,580,432)
	<b>P850,991,004</b>	P858,003,240	P815,405,221

Interest rates on loans and other receivables range from 0.42% to 3.00% add-on rate per month plus gross receipts tax. Interest income earned on loans receivables amounts to P49.46 million, P183.65 million, and P41.49 million as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

Certain motorcycle financing receivables (included in Consumer category above) amounting to P110.23 million, P141.38 million, and P136.21 million as of March 31, 2025, December 31, 2024, and March 31, 2024 were used as collateral on notes payable to banks as of March 31, 2025, December 31, 2024, and March 31, 2024 (see Note 9), respectively.

The following table shows the breakdown of loans and other receivables (gross of allowance for ECL) as to collateral as at March 31, 2025, December 31, 2024, and March 31, 2024:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 (Audited)	<b>March 31, 2024</b> <b>(Unaudited)</b>
Secured loans			
Chattel mortgage	<b>348,391,069</b>	384,585,981	<b>409,974,924</b>
Real estate mortgage	<b>3,766,033</b>	3,823,482	<b>129,600,316</b>
Other collaterals	<b>39,885,500</b>	45,563,421	<b>101,877,945</b>
Total secured	<b>392,042,601</b>	433,972,884	<b>641,453,185</b>
Unsecured	<b>604,477,388</b>	565,364,680	<b>333,532,468</b>
	<b>P996,519,989</b>	P999,337,564	<b>P974,985,653</b>

Other collaterals pertain to deposits, assignment of receivables and salary.

Movements in allowance for ECL follow:

	<b>March 31, 2025</b>			
	<b>Receivable from Customers</b>			
	<b>Consumer</b>	<b>Services</b>	<b>Others</b>	<b>Total</b>
At January 1	<b>107,243,911</b>	<b>29,624,698</b>	<b>4,465,715</b>	<b>141,334,324</b>
Provision during the year	<b>1,440,495</b>	<b>2,754,166</b>	-	<b>4,194,662</b>
Write-off during the year	-	-	-	-
At March 31	<b>P108,684,406</b>	<b>P32,378,864</b>	<b>P4,465,715</b>	<b>P145,528,986</b>

December 31, 2024				
Receivable from Customers				
	Consumer	Services	Others	Total
At January 1	126,386,860	26,036,361	4,465,715	156,888,936
Provision during the year	4,833,459	14,516,481	-	19,349,940
Write-off during the year	(23,976,408)	(10,928,144)	-	(34,904,551)
At December 31	₱ 107,243,911	₱ 29,624,698	₱ 4,465,715	₱ 141,334,324

March 31, 2024				
Receivable from Customers				
	Consumer	Services	Others	Total
At January 1	134,875,609	17,547,612	4,465,715	156,888,936
Provision during the year	564,112	2,127,384	-	2,691,496
Write-off during the year	-	-	-	-
At March 31	₱ 135,439,721	₱ 19,674,996	₱ 4,465,715	₱ 159,580,432

In determining the allowance for ECL on loans and other receivables, the Company groups its loans and other receivables on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

#### 4 Other assets, net

This account consists of:

Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Repossessed assets, net	<b>107,127,871</b>	107,790,036	96,852,627
Prepaid expenses	<b>13,194,455</b>	4,992,004	5,897,043
Security deposits	<b>4,733,792</b>	4,733,792	4,761,292
Software costs	<b>1,418,215</b>	1,206,727	507,564
Financial asset at fair value through other comprehensive income (FVOCI)	<b>80,000</b>	80,000	80,000
	<b>₱126,554,332</b>	₱104,855,751	₱108,098,526

Repossessed assets pertain to motorcycle units that were repossessed from the Company's motorcycle financing business.

The movement in repossessed assets follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Cost			
At January 1	<b>155,158,086</b>	140,623,906	140,623,906
Additions	<b>18,825,791</b>	77,481,667	17,745,691
Disposals	<b>(18,597,270)</b>	(62,947,487)	(17,467,125)
At December 31	<b>155,386,607</b>	155,158,086	140,902,472
Allowance for impairment losses			
At January 1	<b>47,368,050</b>	45,430,916	45,430,916
Allowance for impairment during the year	<b>890,686</b>	1,937,134	325,725
Write-off	-	-	(1,706,796)
At December 31	<b>48,258,736</b>	47,368,050	44,049,845
Carrying amount	<b>107,127,871</b>	107,790,036	96,852,627

Included in the statement of comprehensive income are the gain/(loss) from sale of repossessed assets amounting to P(2,836,659), P 99,021, and P145,967 as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

## 5 Property and equipment, net

The movements in the account for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 are summarized below:

<b>March 31, 2025 (Unaudited)</b>				
	<b>Furniture, fixtures and equipment</b>	<b>Leasehold rights and improvements</b>	<b>Transportation equipment</b>	<b>Total</b>
<b>Cost</b>				
At January 1	23,328,925	11,554,852	6,263,297	41,147,074
Additions	304,843	-	1,220,000.00	1,524,843
Disposals	-	-	-	-
<b>At March 31</b>	<b>23,633,768</b>	<b>11,554,852</b>	<b>7,483,297</b>	<b>42,671,917</b>
<b>Accumulated depreciation</b>				
At January 1	20,417,899	9,835,760	3,851,034	34,104,693
Depreciation	259,192	201,102	136,807	597,101
Disposals	-	-	-	-
<b>At March 31</b>	<b>20,677,091</b>	<b>10,036,862</b>	<b>3,987,841</b>	<b>34,701,794</b>
<b>Carrying amount</b>	<b>2,956,677</b>	<b>1,517,990</b>	<b>3,495,456</b>	<b>7,970,123</b>

<b>December 31, 2024 (Audited)</b>				
	<b>Furniture, fixtures and equipment</b>	<b>Leasehold rights and improvements</b>	<b>Transportation equipment</b>	<b>Total</b>
<b>Cost</b>				
At January 1	20,701,416	11,331,636	10,643,838	42,676,890
Additions	2,627,509	223,216	1,428,259	4,278,984
Disposals	-	-	(5,808,800)	(5,808,800)
<b>At December 31</b>	<b>23,328,925</b>	<b>11,554,852</b>	<b>6,263,297</b>	<b>41,147,074</b>
<b>Accumulated depreciation</b>				
At January 1	19,460,537	9,069,735	8,476,981	37,007,253
Depreciation	957,362	766,025	1,182,851	2,906,238
Disposals	-	-	(5,808,798)	(5,808,798)
<b>At December 31</b>	<b>20,417,899</b>	<b>9,835,760</b>	<b>3,851,034</b>	<b>34,104,693</b>
<b>Carrying amount</b>	<b>2,911,026</b>	<b>1,719,092</b>	<b>2,412,263</b>	<b>7,042,381</b>

	March 31, 2024 (Unaudited)			
	Furniture, fixtures and equipment	Leasehold rights and improvements	Transportation equipment	Total
<b>Cost</b>				
At January 1	20,701,416	11,331,636	10,643,838	42,676,890
Additions	260,400	-	-	260,400
Retirement	-	-	-	-
<b>At March 31</b>	<b>20,961,816</b>	<b>11,331,636</b>	<b>10,643,838</b>	<b>42,937,290</b>
<b>Accumulated depreciation</b>				
At January 1	19,460,537	9,069,735	8,476,981	37,007,253
Depreciation	182,118	169,240	348,228	699,586
<b>At March 31</b>	<b>19,642,655</b>	<b>9,238,975</b>	<b>8,825,209</b>	<b>37,706,839</b>
<b>Carrying amount</b>	<b>1,319,161</b>	<b>2,092,661</b>	<b>1,818,629</b>	<b>37,706,839</b>

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

Management believes that there are no indicators that the Company's property and equipment are impaired as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

## 6 Investment properties, net

Investment properties as of March 31, 2025 consist of land and building amounting to P85,350,607 and P66,037,286, respectively (2024 - P11,353,376 and P87,310,634, respectively).

The movements in the account for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 are summarized below:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Beginning of the year	98,664,010	153,312,587	153,312,587
Additions	175,306	111,575	-
Disposals	-	(59,207,852)	(2,100,000)
Fair value adjustment	-	4,447,700	-
	<b>98,839,316</b>	<b>98,664,010</b>	<b>151,212,587</b>

In 2023, the Company has acquired a property through a Dacion En Pago arrangement, with a fair market value of P77.27 million. However, the property has been booked at a value of P57.69 million, net of the share of another lender, reflecting the Company's portion of ownership.

The property was sold in 2024. The Company's shares in the sales proceeds and the resulting gain amounted to P76.68 million and P21.9 57million, respectively.

The Company measures its investment properties at fair value. Changes in the fair values are recognized in profit or loss. The fair value was determined by an independent and professionally qualified appraiser during the year.

The fair values were assessed using the Market Approach (Level 2), which involves comparing sales of similar or substitute properties and market data. In this method, a subject property is valued is based on recent market transactions of comparable properties.

Direct operating expenses with regard to investment properties pertain to local property taxes amounting to P 0, P 92, 221, and P76,043 as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

## 7 Segment information

The Company's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served with each segment representing a strategic business unit. The Company derives revenues from the following main operating business segments:

### Rx Cashline Group

The Rx Cashline Group grants loans tailored to medical professionals.

### Business loans

This group grants loans to finance business owners who wishes to expand its business or for the purpose of starting capital.

### Motor Vehicles Financing Group

The MC Financing Group grants loans to motorcycle buyers.

### Other segments

This segment includes pension loans, housing loans, personal loans and corporate salary loans.

The Company considers its Management Committee as the chief operating decision maker. Management conducts weekly Management Committee meetings to monitor the performance and conversion of each of the product lines handled. Strategies and recommendations are formulated while operating parameters and guidelines are developed and implemented in these weekly meetings. Product line performance is evaluated based on how it performs versus target and versus last year's actual figures. Another major consideration is on the analysis of risk and collectibility exposure contributed by each product line.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities are those operating liabilities that result from the operating activities of a segment and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets and liabilities comprise all of the assets and liabilities, measured in a manner consistent with that shown in the statement of financial position.

The Company's assets producing revenues are located in the Philippines (i.e., one geographical location), therefore the geographical segment information is no longer presented.

The sales revenue generated from the Company's operating segments amounted to 10% or more of the total revenues.

Financial information about operating segments follows:

March 31, 2025 (Unaudited)					
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables	₱102,970,713	₱440,496,449	₱277,129,087	₱30,394,755	₱850,991,004
<b>Results of operation</b>					
<b>Revenue</b>					
Interest income	8,389,039	19,041,723	21,830,060	199,958	49,460,780
Other income	760,746	2,438,358	(1,843,343)	943,253	2,299,014
<b>Total</b>	<b>9,149,785</b>	<b>21,480,081</b>	<b>19,986,717</b>	<b>1,143,212</b>	<b>51,759,794</b>
<b>Expenses</b>					
Interest expense	1,549,632	3,517,406	4,032,471	36,937	9,136,445
Provision for credit losses	4,133,849	7,981	440,782	(387,950)	4,194,662
Operating expenses	3,875,472	16,578,807	10,430,208	1,143,956	32,028,443
	9,558,952	20,104,194	14,903,461	792,943	45,359,550
<b>Net operating income (loss)</b>	<b>(409,167)</b>	<b>1,375,887</b>	<b>5,083,256</b>	<b>350,269</b>	<b>6,400,244</b>
Income tax expense (benefit)	102,394	343,757	1,270,655	87,559	1,599,577
<b>Net Income (Loss)</b>	<b>(306,773)</b>	<b>1,032,130</b>	<b>3,812,601</b>	<b>262,710</b>	<b>4,800,667</b>
<b>Statement of Financial Positions</b>					
<b>Total Assets</b>	<b>113,596,550</b>	<b>584,791,828</b>	<b>412,854,685</b>	<b>33,531,275</b>	<b>1,144,774,338</b>
<b>Total Liabilities</b>	<b>116,573,295</b>	<b>245,174,589</b>	<b>181,750,632</b>	<b>9,670,099</b>	<b>553,168,615</b>
<b>Other segment information</b>					
Capital expenditures	₱321,341	₱675,839	₱501,007	₱26,656	₱1,524,843
Depreciation and amortization	₱137,429	₱289,038	₱214,267	₱11,400	₱652,135

December 31, 2024 (Audited)					
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	100,634,833	409,168,801	313,764,781	34,434,824	858,003,240
<b>Results of operation</b>					
<b>Revenue</b>					
Interest income	20,212,534	69,843,615	92,034,495	1,567,151	183,657,793
Other income	2,313,486	34,821,726	5,859,360	11,187,773	54,182,345
<b>Total</b>	<b>₱ 22,526,018</b>	<b>₱104,665,341</b>	<b>₱ 97,893,855</b>	<b>₱ 12,754,924</b>	<b>₱ 237,840,138</b>
<b>Expenses</b>					
Interest expense	4,195,363	14,496,914	19,102,909	325,282	38,120,468
Provision for expected credit losses	(2,358,405)	15,421,928	2,477,934	3,808,483	19,349,940
Operating expenses	14,384,267	57,756,584	79,106,730	4,803,005	156,050,586
	₱ 16,221,225	₱ 87,675,426	₱ 100,687,572	₱ 8,936,770	₱ 213,520,994
<b>Net operating income (loss)</b>	<b>6,304,793</b>	<b>16,989,615</b>	<b>(2,793,771)</b>	<b>3,818,154</b>	<b>24,319,145</b>
Income tax expense (benefit)	1,565,603	4,190,109	(764,313)	1,974,756	6,966,136
<b>Net Income (loss)</b>	<b>4,739,209</b>	<b>12,799,806</b>	<b>(2,029,404)</b>	<b>1,843,398</b>	<b>17,353,008</b>
<b>Total Assets</b>	<b>₱107,789,514</b>	<b>₱539,129,940</b>	<b>₱454,572,313</b>	<b>₱42,461,458</b>	<b>₱1,143,953,225</b>
<b>Total Liabilities</b>	<b>₱ 42,107,041</b>	<b>₱228,587,784</b>	<b>₱ 261,364,700</b>	<b>₱23,198,060</b>	<b>₱554,257,585</b>
<b>Other segment information</b>					
Capital expenditures	₱325,075	₱1,757,026	₱2,017,790	₱179,094	₱4,278,985
Depreciation and amortization	₱1,261,385	₱6,817,763	₱7,829,606	₱694,936	₱16,603,690

	March 31, 2024 (Unaudited)				
	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables, net	82,666,357	367,210,820	332,819,633	32,708,411	815,405,221
Results of operation					
Revenue					
Interest income	4,634,407	14,018,152	20,827,157	2,013,654	41,493,370
Other income	546,118	1,769,794	1,120,625	613,134	4,049,671
Total	5,180,525	15,787,946	21,947,782	2,626,788	45,543,041
Expenses					
Interest expense	1,044,525	3,159,479	4,694,126	453,847	9,351,977
Provision for expected credit losses	574,841	889,608	784,142	768,631	3,017,222
Operating expenses	2,054,818	9,131,708	17,114,570	807,111	29,108,207
	3,674,184	13,180,795	22,592,838	2,029,589	41,477,406
Net operating income (loss)	1,506,341	2,607,151	(645,056)	597,198	4,065,634
Income tax expense (benefit)	376,531	651,548	(161,481)	149,279	1,015,877
Net Income (loss)	1,129,810	1,955,603	(483,575)	447,919	3,049,757
Total Assets					
Total Liabilities	96,292,720	572,121,950	460,272,420	26,719,818	1,155,406,908
Other segment information					
Capital expenditures	26,521	117,809	106,776	9,294	260,400
Depreciation and amortization	73,083	324,643	294,238	28,917	720,881

## 8 Accrued expenses

This account consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Accrued rent	2,435,148	2,140,941	1,943,825
Insurance payable	1,772,815	1,744,848	653,455
Accrued taxes	3,554,986	6,000,395	2,873,096
Commissions and outside services	486,570	455,033	286,857
Accrued interest	2,408,747	2,028,930	4,987,052
Accrued administrative expenses	2,838,187	1,265,532	2,358,446
Accrued management and professional fees	1,296,266	821,168	1,118,044
Others	1,684,978	1,499,408	4,976,953
	<b>P16,477,697</b>	<b>P15,956,255</b>	<b>P19,197,728</b>

Others mainly include accrual on utilities and travel and transportation.

## 9 Notes payable

The account as at March 31, 2025, December 31, 2024, and March 31, 2024 consists of:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Notes payable to:			
Related parties	404,327,104	354,178,002	347,891,240
Banks	74,899,075	100,898,355	95,614,222
Individuals/corporate	35,240,143	55,240,143	54,812,896
	<b>P514,466,322</b>	<b>P510,316,500</b>	<b>P498,318,358</b>

The current and non-current portion of the account are as follow:

	<b>March 31, 2025 (Unaudited)</b>	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Current	<b>514,466,322</b>	510,316,500	491,762,803
Non-current	<b>0</b>	0	6,555,555
	<b>P514,466,322</b>	<b>P510,316,500</b>	<b>P498,318,358</b>

Interest rates on notes payable range from 5.65% to 8.75% and 5.50% to 9.00% in March 31, 2025, December 31, 2024, and March 31, 2024, respectively. Interest expenses on these notes payable amount to P9.14 million, P33.48 million, and P9.35 million as March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

Notes payable to related parties and individuals/corporate are unsecured, with maturities up to one (1) year.

As at December 31, 2024 and 2023, the notes payable to banks are secured by certain motorcycle financing receivables and other various type of receivables. Under the agreements with the bank creditors, the notes payable are subject to Deed of Assignment on summary list of loans receivables, with 50% to 85% loanable value), on a per availment basis.

The following assets were used to secure the notes payable to banks availed by the Company (Note 3):

	<b>March 31, 2025 (Unaudited)</b>		December 31, 2024 (Audited)		March 31, 2024 (Unaudited)	
	<b>Carrying amount</b>	<b>Secured notes</b>	Carrying amount	Secured notes	Carrying amount	Secured notes
Motorcycle financing receivables	<b>110,227,698</b>	<b>74,899,075</b>	141,382,290	100,898,355	136,210,222	95,614,222

## 10 Equity

On July 25, 2024, the BOD and stockholders approved the declaration of 0.71% stock dividends in the amount of P1.94 million to stockholders of record as at August 22, 2024 with distribution date not later than, September 18, 2024. Fractional shares of 40.35 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.94 million.

On July 27, 2023, the BOD and stockholders approved the declaration of 0.99% stock dividends in the amount of P2.68 million to stockholders of record as at August 24, 2023 with distribution date not later than September 20, 2023. Fractional shares of 43.70 shall be paid in cash. The actual stock dividends to be issued may be less than the above indicated shares of stock due to the resulting fractional shares. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P2.68 million.

On July 28 2022, the BOD and stockholders approved the declaration of 0.54% stock dividends in the amount of P1.46 million to stockholders of record as at August 26, 2022 with distribution date not later than September 21, 2022. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P1.46 million.

As at March 31, 2025, December 31, 2024, and March 31, 2024, the Company has 273,900,122, 273,900,122, and 271,961,630 common shares issued and outstanding which are owned by 113, 113, and 112 shareholders.

The movements in the number of issued shares and capital stock follow:

	March 31, 2025 (Unaudited)		December 31, 2024 (Audited)		March 31, 2024 (Unaudited)	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<i>Authorized - 300,000,000 shares; P1 par value</i>						
At January 1	273,900,122	273,900,122	271,961,630	271,961,630	271,961,630	271,961,630
Stock dividends	-	-	1,938,492	1,938,492	-	-
At December 31	273,900,122	273,900,122	273,900,122	273,900,122	271,961,630	271,961,630

#### Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding common shares.

The information used in the computation of basic and diluted earnings per share for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 follow:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Net income for the year	4,800,667	14,497,294	3,049,757
Weighted average number of outstanding common shares	273,900,122	273,900,122	271,961,630
Basic and diluted earnings per share	0.02	0.05	0.01

## 11 Service charges

The account for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 consists of the following:

	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Processing fees	2,458,618	7,818,023	1,476,421
Late payment charges	266,497	1,204,660	306,248
Others	2,135	8,945	2,319
	<b>₱2,727,250</b>	<b>₱9,031,628</b>	<b>₱1,784,988</b>

Processing fees refer to charges that are deducted from the loan proceeds before they are disbursed to the borrower. This fee covers the cost of processing the loan application, including evaluating the borrower's creditworthiness, verifying their employment and income, and other administrative expenses.

Late payment charges, on the other hand, are fees that are assessed when a borrower fails to make a loan payment on time. These charges are designed to encourage timely payments and compensate the Company for the costs associated with processing and collecting late payments.

Others pertain to the convenience fee charged by the Company.

## 12 Miscellaneous

Miscellaneous income for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 consists of the following items:

	<b>March 31, 2025</b>	December 31, 2024	March 31, 2024
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Gain on investment properties (Note 6)	-	21,568,169	-
Penalties	<b>1,613,767</b>	6,977,880	1,755,993
Unrealised gain on foreclosure (Note 6)	-	4,447,700	-
Others	<b>(2,042,003)</b>	12,156,969	508,690
	<b>₱ (428,237)</b>	₱45,150,718	₱2,264,683

Others mainly consist of gain on sale of motorcycle units.

Miscellaneous expenses for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 consist of the following items:

	<b>March 31, 2025</b>	December 31, 2024	March 31, 2024
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Repairs and maintenance	<b>1,707,485.42</b>	13,598,277	-
Communication	<b>753,757</b>	2,539,117	605,352
Stationaries and supplies	<b>711,142</b>	2,504,148	721,148
Others	<b>1,766,971</b>	11,418,173	985,606
	<b>₱4,939,355</b>	₱30,059,715	₱2,312,106

Other expenses include insurance, repairs and maintenance, training and development fees, meetings and conference fees, claims fees, advertising costs, donations and membership dues.

## 13 Income taxes

Current tax regulations provide that the regular corporate income tax rate applicable to the Company is 25%. The regulations also provide for minimum corporate income tax (MCIT) rate of 1%, instead of 2%, for the period beginning July 1, 2020 until June 30, 2023, on modified gross income and allow net operating loss carry-over (NOLCO). The MCIT and NOLCO may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of incurrence. Specifically, for taxable years 2021 and 2020, NOLCO can be carried forward for five years.

The following are the components of income tax expense for the period ended March 31, 2025, December 31, 2024, and March 31, 2024:

	<b>March 31, 2025</b>	December 31, 2024	March 31, 2024
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Current	<b>2,945,914</b>	14,438,929	595,182
Deferred	<b>(1,346,337)</b>	(4,582,206)	420,695
	<b>₱1,599,577</b>	₱9,856,723	₱1,015,877

A reconciliation between the income tax expense at the statutory tax rate and income tax expense at effective tax rate follows:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 <b>(Audited)</b>	March 31, 2024 <b>(Unaudited)</b>
Income before tax	<b>6,400,244</b>	24,319,144	4,065,633
Income tax benefit at statutory income tax rate (25%)	<b>1,600,061</b>	6,079,786	1,016,408
Adjustments for:			
Interest income subjected to final tax	<b>(704.41)</b>	(4,748)	(773)
Impact of PFRS 16	-	3,780,385	-
Non-deductible interest expense	<b>220</b>	1,299	242
Change in unrecognized DTA	-	-	-
<b>Effective income tax expense</b>	<b>₱1,599,577</b>	<b>₱9,856,723</b>	<b>₱1,015,877</b>

The components of the Company's deferred tax assets and liabilities as at March 31, 2025, December 31, 2024, and March 31, 2024 are as follows:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 <b>(Audited)</b>	March 31, 2024 <b>(Unaudited)</b>
<b>Deferred tax assets</b>			
Allowance for credit losses	<b>36,382,246</b>	35,333,581	38,586,559
Allowance of repossessed assets write-down	<b>8,791,085</b>	9,268,326	11,439,160
Accrued expenses	<b>4,119,424</b>	3,989,064	1,685,388
Retirement expense	<b>2,603,288</b>	2,528,288	3,095,042
Impairment loss on investment properties	<b>222,672</b>	484,284	228,988
Past service costs	<b>0</b>	0	40,293
PFRS 16	<b>1,248,513</b>	1,248,513	1,216,006
	<b>53,367,228</b>	52,852,056	56,291,436
<b>Deferred tax liabilities</b>			
Remeasurement gain on defined benefit obligation	<b>2,797,033</b>	2,797,033	3,137,635
Fair value increase in investment properties	<b>11,786,237</b>	12,617,401	12,015,183
	<b>14,583,270</b>	15,414,434	15,152,818
	<b>₱38,783,958</b>	<b>₱37,437,621</b>	<b>₱41,138,618</b>

Movements in net deferred income tax (DIT) assets are summarized as follows:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 <b>(Audited)</b>	March 31, 2024 <b>(Unaudited)</b>
Beginning of the year	<b>37,437,621</b>	41,559,313	41,559,313
Amounts charged to profit or loss	<b>1,346,337</b>	(4,582,206)	(420,695)
Amounts charged to other comprehensive income	-	460,514	-
<b>End of the year</b>	<b>₱38,783,958</b>	<b>₱37,437,621</b>	<b>₱41,138,618</b>

## 14 Retirement benefits

The Company has a funded, defined benefit plan covering all of its officers and regular employees. The benefits are based on years of service and compensation on the last year of service.

The plan is non-contributory and of the defined benefit type which provides a retirement benefit equal to one hundred percent (100%) of the latest monthly salary for every year of credited service. Benefits are paid in lump sum upon retirement or separation in accordance with the terms of the plan. Normal retirement age is at age 60.

Net benefit cost is included in the Company's profit or loss under 'Salaries and employee benefits'.

Details of the retirement benefit obligation recognized in the statement of financial position as at December 31 are as follows:

	2024	2023
Present value of benefit obligation	17,326,085	17,524,485
Fair value of plan assets	(7,212,933)	(7,299,197)
Retirement benefit obligation	₱10,113,152	₱10,225,288

Details of the retirement benefit expense recognized in profit or loss for the years ended December 31 are as follows:

	2024	2023
Current service cost	2,454,463	2,067,594
Net interest cost	638,574	410,226
	₱3,093,037	₱2,477,820

The movements in the present value of retirement benefit obligation are as follows:

	2024	2023
At beginning of year	17,524,485	12,587,051
Current service cost	2,454,463	2,067,594
Interest cost	1,079,508	926,407
Remeasurements		
Loss (Gain) from changes in financial assumptions	189,968	2,763,316
Gain from experience adjustments	(3,639,985)	(629,883)
Benefits paid from Plan Assets - excluding settlements	(282,354)	(190,000)
At end of year	₱17,326,085	₱17,524,485

The movements in the fair value of plan assets are as follows:

	2024	2023
At beginning of year	7,299,197	7,108,324
Interest income	440,934	516,181
Benefits paid	(282,354)	(190,000)
Remeasurements – Plan Assets	(244,844)	(135,308)
At end of year	₱7,212,933	₱7,299,197

The fair values of plan assets by each class at the end of the reporting period follow:

	2024	2023
Cash and cash equivalents	677,481	2,014,219
Financial assets at fair value through profit or loss - fixed income	6,507,591	5,273,978
Accrued other receivables	31,392	11,000
Withholding tax payable	(3,531)	-
	₱7,212,933	₱7,299,197

The principal assumptions used in determining the retirement benefit obligation as at December 31 are as follows:

	2024	2023
Discount rate	6.08%	6.16%
Future salary increases	5.00%	5.00%
Average remaining working life (in years)	23	24

*Discount rate sensitivity*

The following illustrates the sensitivity to a reasonably possible change in each key assumption, with all other variable held constant, of the Company's retirement benefit obligation. The sensitivity analysis is prepared assuming the fair value of asset does not vary during the period and the methods and assumptions are the same in prior years. A 100 bps increase, or decrease is used when reporting this risk internally to key management personnel and represents management's assessment of the reasonably possible change in discount rate and salary increase. The impact on the Company's retirement benefit obligation follows:

	Change in basis points	Impact on retirement benefit obligation	
		Increase in assumption	Decrease in assumption
December 31, 2024			
Discount rate	100 basis points	(2,179,753)	2,641,030
Salary growth rate	100 basis points	2,643,215	(2,219,319)
December 31, 2023			
Discount rate	100 basis points	(2,345,453)	2,850,482
Salary growth rate	100 basis points	2,855,229	(2,389,579)

There are no expected contributions to the plan for the year ending December 31, 2024.

## 15 Related party transaction

In the ordinary course of business, the Company enters into transactions with its stockholders and affiliates. Under the Company's policy, these transactions are made substantially on the same terms as with other individuals and businesses of comparable risks. Related party transactions are settled in cash.

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Outstanding Balances		Amount of transaction	Outstanding Balances	
			Due from related parties	Due to related parties		Due from related parties	Due to related parties
<i>Parent Company</i>							
Miscellaneous receivables	A	-	181,521	-	-	181,521	-
Notes payable	B	-	-	292,100,175	-	-	303,600,000
Availments		-	-	-	158,600,000	-	-
Settlements		11,499,825	-	-	46,100,000	-	-
Accrued Interest Payable	B	-	-	1,363,864	1,018,666	-	-
Interest expense		20,915,252	-	-	18,506,868	-	-
<i>Entities under common control</i>							
<i>Motor Ace Philippines, Inc.</i>							
Loans Receivable	F	3,245,294	-	-	9,773,940	-	-
Availments		-	-	-	-	-	-
Settlements		6,528,646	-	-	-	-	-
Miscellaneous receivables	A	-	328,078	-	-	320,703	-
Availments		7,375	-	-	22,599	-	-
Settlements		-	-	-	44,150	-	-
Accounts payable -Supplier	C	-	-	8,661,616	-	-	14,851,810
Availments		96,667,399	-	-	130,991,997	-	-
Settlements		102,857,593	-	-	130,596,637	-	-
Accounts payable	E	-	-	245,825	-	-	279,459
Availments		926,781	-	-	2,715,188	-	-
Settlements		960,414	-	-	2,479,191	-	-
<i>MAPI Lending Investors, Inc.</i>							
Miscellaneous receivables	A	-	1,477,772	-	-	1,477,772	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	Amount of transaction	2024		2023		Due to related parties
			Outstanding Balances	Due from related parties	Outstanding Balances	Due from related parties	
Accounts payable	E	-	-	-	86,543	-	78,479
Availments		11,284,043	-	-	-	26,206	-
Settlements		11,275,979	-	-	-	26,367	-
Short term placements	C	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Interest income		-	-	-	-	-	-
<i>HMW Lending Investors, Inc.</i>							
Loans Receivable	F	-	1,033,272	-	-	1,722,120	-
Availments		-	-	-	-	-	-
Settlements		688,848	-	-	-	-	-
<i>Honda Motor World, Inc.</i>							
Loans Receivable	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Miscellaneous receivables	A	-	180,714	-	-	180,714	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Accounts payable-Supplier	C	-	-	-	843,290	-	7,586,792
Availments		30,895,718	-	-	-	52,222,866	-
Settlements		37,639,220	-	-	-	47,599,533	-
Accounts payable	E	-	-	-	590,670	-	168,200
Availments		1,479,031	-	-	-	1,642,581	-
Settlements		1,056,562	-	-	-	1,592,324	-
<i>Pikeville Bancshares</i>							
Accounts payable	D	-	-	-	156,128	390,320	-
Professional fees	D	1,102,080	-	-	-	1,102,080	-
<i>Cebu Maxi Management Corp.</i>							
Professional fees	D	500,000	-	-	-	500,000	-
<i>MERG Realty Development Corp.</i>							
Miscellaneous receivables	A	-	18,057	-	-	18,057	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-

forward

Category/Transaction	Ref	2024			2023		
		Amount of transaction	Due from related parties	Due to related parties	Amount of transaction	Due from related parties	Due to related parties
Notes payable	B			36,454,216	-	-	34,374,826
Availments		2,079,391	-	-	1,555,608	-	-
Settlements		-	-	-	-	-	-
Interest expense	B	2,446,342	--	-	1,830,127	-	-
<i>Felibon Realty, Inc.</i>							
Miscellaneous receivables	A	-	-	-	-	-	-
Availments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
<i>Directors and other stockholders</i>							
Notes payable	B	-	-	18,914,495	-	-	21,808,761
Availments		4,122,461	-	-	12,276,328	-	-
Settlements		7,016,728	-	-	11,322,724	-	-
Interest expense	B	1,246,559	-	-	829,150	-	-
Professional and other management fees		-	-	-	-	-	-
<b>TOTAL</b>			<b>3,219,414</b>	<b>359,416,822</b>		<b>3,900,887</b>	<b>382,748,327</b>

Affiliates are other companies linked indirectly to the Company through interlocking directorship or officership and those under common significant influence and common control.

- A. This includes various receivables from the Parent Company and other related parties pertaining to availment of comprehensive insurance and other claims for reimbursement (Note 3). These related party receivables have a term of less than one year and include 7% interest per annum.
- B. As at December 31, 2024 and 2023, notes payable and accrued interest payable arising from borrowings from directors/stockholders amounted to P348.83 million and P360.80 million. Interest expense from these borrowings amounted to P24.61million and P21.17 million in 2024 and 2023, respectively (Note 9).
- C. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company.
- D. Professional Fees of management consultancy as at December 31, 2024 and 2023, amounted to P1.60 million and P1.60 million. Accrued Management Fee from consultancy amounted to P156 thousand and P390 thousand in 2024 and 2023, respectively (Note 9).
- E. Various Accounts Payable from the trading partner represent the purchase of repossessed motorcycle spare parts and the switching of collections.
- F. The Company has released car loan financing and business loan to its trading partner.

## 16 Leases

### *The Company as Lessee*

The Company leases various properties where its offices, branches and warehouses are located. The lease terms range from less than a year to 10 years which are renewable subject to certain terms and conditions. The terms of the leases also contain escalation clauses ranging from 5% to 10%.

At the end of the lease term or upon expiration of the renewal period, the ownership of the Company's buildings and improvements thereon shall be retained by the lessor. Under the terms of the lease, the Company cannot sell, assign or sublease, or otherwise dispose of the building and the improvements thereon, without the written consent of the lessor.

Total rent expense for short term leases included under 'Occupancy cost' account in the statement of total comprehensive income incurred in 2024 and 2023 amounts to P2.83 million and P0.78 million, respectively.

Security deposits arising from these lease agreements amount to P4.73 million, P4.73 million and P4.76million as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively (Note 4).

The aggregate future minimum lease payments for the lease commitments are as follows:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 (Audited)
Less than one year	3,960,368	3,960,368
Between one and five years	1,033,684	1,033,684
	<b>₱4,994,052</b>	<b>₱4,994,052</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 (Audited)
As at January 1	19,415,429	19,415,429
Additions	-	-
Lease termination	(6,323,431)	(6,323,431)
Lease modification	-	-
Interest expense	905,309	905,309
Payments	(9,003,255)	(9,003,255)
As at March 31 and December 31	<b>₱4,994,052</b>	<b>₱4,994,052</b>

### *Right-of-use assets*

	<b>March 31, 2025</b> <b>(Unaudited)</b>	December 31, 2024 (Audited)
Balance at January 1	16,531,808	16,531,808
Additions	-	-
Lease modification	1,465,006	1,465,006
Depreciation of right-of-use assets	(13,450,197)	(13,450,197)
Balance at March 31 and December 31	<b>₱4,546,617</b>	<b>₱4,546,617</b>

## 17 Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's evaluation of relevant facts, historical experience and other factors, including expectations of future events, that are believed to be reasonable as at reporting date. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Critical accounting estimates

#### *Allowance for ECL of loans and other receivables (Note 3)*

The Company reviews its loan portfolio to assess impairment on a regular basis. In determining whether a loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. On the basis of existing knowledge, it is reasonably possible that outcomes within the next financial year, which are different from the assumptions used, may amount to a material difference compared to this year's impairment loss. It is, however, impracticable to estimate the impact of such difference in outcomes.

Based on the Company's assessment, provision for impairment losses is required as at December 31, 2024 amounting to P19.35 million (2023 – P32.18 million). Allowance for impairment written off in 2024 amounted to P34.90 million (2023 – P15.80 million) after the Company exhausted all efforts and means to collect the amount due

#### *Estimation of retirement benefit obligation (Note 14)*

The determination of retirement benefit obligation is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions include the determination of discount rate and future salary increases, among others. Due to the long-term nature of the retirement plan, such judgments are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are appropriate for the term of the liability of the plan.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and the related obligation. The possible effects of sensitivities surrounding the actuarial assumptions of the Company at the reporting date are disclosed in Note 14.

#### *Determining the incremental borrowing rates (Note 16)*

The Company's weighted average incremental borrowing rate applied to measure its lease liabilities arising from the lease contracts in 2024 was 4.37%. The rate was determined in reference to the prevailing bank lending rates that are reflective of the Company's own credit risk taking into consideration the nature of the leased asset and other terms and conditions of the lease contracts.

## Critical accounting judgments

### *Impairment of investment properties (Note 6)*

The Company assesses whether there are any indicators of impairment on its investment properties at the end of each reporting period. Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized whenever evidence exists that the carrying value is not recoverable.

As at March 31, 2025 and December 31, 2024, the Company did not recognize any additional impairment loss on its investment properties in the absence of any indicators of impairment, respectively.

### *Recoverability of DIT assets (Note 13)*

The Company reviews its DIT 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 DIT asset to be utilized. Significant management judgment is required to determine the amount of DIT assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Company will utilize all or part of its DIT assets. Any DIT asset will be re-measured if it might result to derecognition in cases where the expected tax law to be enacted will impose a possible risk on its realization.

Based on management's assessment, the amount of DIT assets recognized as at March 31, 2025 and December 31, 2024 and March 31, 2024 is fully recoverable and realizable, respectively.

### *Determining the lease term (Note 16)*

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

## **18 Financial risk and capital management**

The Company's activities expose it to a variety of financial risks: liquidity risk, market risk and credit risk. Risk management is carried out through policies approved by the Company's management to minimize potential adverse effects of these risks on the Company's financial performance.

### **18.1 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company acknowledges that in order to be able to meet liabilities promptly and without losses, it is essential to effectively manage liquidity risk. In general, liquidity management is a matter of balancing cash flows within forward rolling time bands, so that under normal conditions, the Company is comfortably placed to meet all its payment obligations as they fall due.

The amounts disclosed in the table below are the expected undiscounted cash flows of financial instruments, including future interest as applicable, which the Company uses to manage the inherent liquidity risk as at March 31, 2025 and December 31, 2024, respectively.

March 31, 2025 (Unaudited)			
	Up to one year	Over one year	Total
<b>Financial assets</b>			
Cash	17,088,988		17,088,988
Loans and other receivables	599,827,592	251,163,413	850,991,004
Security deposits	4,733,792		4,733,792
Financial assets at FVOCI	80,000		80,000
<b>Total financial assets</b>	<b>621,730,371</b>	<b>251,163,413</b>	<b>872,893,784</b>
<b>Financial liabilities</b>			
Notes payable	514,466,322	0	514,466,322
Accounts payable	372,460		372,460
Accrued expenses*	16,477,697		16,477,697
Lease liabilities	3,960,368	1,033,684	4,994,052
<b>Total financial liabilities</b>	<b>535,276,847</b>	<b>1,033,684</b>	<b>536,310,531</b>
<b>Total maturity gap</b>	<b>₱86,453,524</b>	<b>₱250,129,729</b>	<b>₱336,583,253</b>

\*Excluding government payables

December 31, 2024 (Audited)			
	Up to one year	Over one year	Total
<b>Financial assets</b>			
Cash	19,078,143		19,078,143
Loans and other receivables	535,274,139	322,729,101	858,003,240
Security deposits	4,733,792		4,733,792
Financial assets at FVOCI	80,000		80,000
<b>Total financial assets</b>	<b>559,166,074</b>	<b>322,729,101</b>	<b>881,895,175</b>
<b>Financial liabilities</b>			
Notes payable	510,316,500		510,316,500
Accounts payable	11,890,538		11,890,538
Accrued expenses*	15,956,255		15,956,255
Lease liabilities	3,960,368	1,033,684	4,994,052
<b>Total financial liabilities</b>	<b>542,123,661</b>	<b>1,033,684</b>	<b>543,157,345</b>
<b>Total maturity gap</b>	<b>₱17,042,413</b>	<b>₱321,695,417</b>	<b>₱338,737,830</b>

\*Excluding government payables

The Company expects to generate sufficient cash flows from its operating activities. In addition, the Parent Company is determined to provide financial support and other assistance to the Company to continue its business operations and meet its financial obligations at least for the next twelve (12) months, if the need arises.

## 18.2 Market risk

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (foreign exchange risk) and market interest rates (fair value, cash flow interest rate risks and price risk).

### Foreign exchange risk

The Company is not exposed to foreign exchange risk as it has no financial assets and liabilities denominated in a currency that is not the Company's functional currency.

### *Interest rate risk*

Interest rate risk is the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's exposure to interest rate risk pertains to its notes payable which are repriced periodically, based on the prevailing market interest rates (Note 10). The Company follows a prudent policy on managing its assets and liabilities to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

### *Price risk*

The Company is not exposed to price risk as it does not have equity instruments and securities that are subject to price fluctuations.

## **18.3 Credit risk**

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Significant changes in the economy, or financial condition of its counterparty, could result in losses that are different from those provided for at the reporting date. The Company manages credit risk by setting limits for individual borrowers, and groups of borrowers, and industry segments. The Company also monitors credit exposures, and continually assesses the creditworthiness of counterparties.

The maximum exposure to credit risk relates to the following financial assets as at March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

	<b>March 31, 2025 (Unaudited)</b>	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Cash	<b>16,651,235</b>	18,620,665	17,063,085
Loans and other receivables (net, ECL allowance)	<b>845,405,788</b>	858,003,240	815,405,221
Security deposits	<b>4,733,792</b>	4,733,792	4,761,292
	<b>₱866,790,814</b>	₱881,357,697	₱837,229,598

Cash excludes cash on hand. To reduce the Company's credit risk, the Company only maintains cash in domestic universal banks with strong financial standing.

Credit applications go through a process of screening using the Company's credit standards to minimize risk. For certain loans receivables, the Company enters into collateral arrangements with counterparties to limit the duration of exposures. The Company's motorcycle financing business has the motorcycle itself as collateral in case the borrower defaults on its loan. Other receivables from customers are secured by real estate and other chattel properties.

The Company also focuses on markets and borrowers that have a relatively better capability to repay their loans. One example of this is the medical professional market where most doctors are able to pay because of their higher disposable income.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Company's policy is to deal only with credit worthy counterparties. The security of loans and receivable is disclosed in Note 3.

The following summarizes the credit quality of the Company's Loans and other receivables:

	<b>March 31, 2025</b>	December 31, 2024	March 31, 2024
	<b>(Unaudited)</b>	(Audited)	(Unaudited)
Stage 1 - Neither past due nor impaired	<b>700,989,140</b>	728,350,372	658,821,696
Stage 2 - Past due but not impaired	<b>196,963,463</b>	179,380,243	225,014,544
Stage 3 - Impaired	<b>98,567,387</b>	91,606,950	91,149,413
	<b>P996,519,989</b>	P999,337,565	P974,985,653

Security deposits are made in connection with the lease arrangements (Note 16) with certain lessors.

The credit quality of the portfolio of loans and other receivables can be assessed by reference to the historical experience of the Company with the borrowers. All loans and other receivables neither past due nor impaired are considered high grade and can withstand weak economic conditions. These pertain to borrowers with strong repayment capacity, have excellent liquidity and low leverage. Mostly, these are the accounts with updated amortization payments. Past due accounts are not considered impaired as these are backed-up by collaterals and considered fully collectible based on management's experience.

#### 18.4 Fair value determination

The table below summarizes the carrying amount and fair value of financial assets and liabilities at March 31, 2025 and December 31, 2024, respectively:

	<b>March 31, 2025 (Unaudited)</b>		December 31, 2025 (Audited)	
	<b>Carrying amount</b>	<b>Fair value</b>	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	<b>17,088,988</b>	<b>17,088,988</b>	19,078,143	19,078,143
Loans and other receivables, net	<b>845,405,788</b>	<b>845,405,788</b>	858,003,240	858,003,240
Security deposits	<b>4,733,792</b>	<b>4,733,792</b>	4,733,792	4,733,792
Financial assets at FVOCI	<b>80,000</b>	<b>80,000</b>	80,000	80,000
	<b>867,308,568</b>	<b>867,308,568</b>	881,895,175	881,895,175
<b>Financial liabilities</b>				
Notes payable	<b>514,466,322</b>	<b>514,466,322</b>	510,316,500	510,316,500
Accounts payable	<b>372,460</b>	<b>372,460</b>	11,890,538	11,890,538
Accrued expenses	<b>16,477,697</b>	<b>16,477,697</b>	15,956,255	15,956,255
Lease liabilities	<b>4,994,052</b>	<b>4,994,052</b>	4,994,052	4,994,052
	<b>P536,310,531</b>	<b>P536,310,531</b>	P543,157,345	P543,157,345

The Company uses Market approach in determining the fair values of its investment properties which uses observable inputs such as prices, broker quotes and other relevant information generated by market transactions involving identical or comparable assets or group of assets. Appropriate adjustments are made to the valuations taking into consideration the specific circumstances of the properties. The fair values of the Company's investment properties as disclosed in Note 6 fall under Level 3 of the fair value hierarchy. The main Level 3 inputs used by the Company pertain to marketability and size.

The Company's financial assets at FVOCI are classified under Level 2 of the fair value hierarchy as at March 31, 2025 and December 31, 2024, respectively.

## 18.5 Capital management

The primary objectives of the Company's capital management policies and procedures are to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company considers its total equity as capital, excluding remeasurement gains on defined benefit liability. No changes were made in the objectives, policies or procedures in 2024.

Under R.A No. 8556, the Company is required to maintain the following capital requirements:

- (a) minimum paid-up capital of P10.00 million; and
- (b) additional capital requirements for each branch of P1.00 million for branches established in Metro Manila, P0.50 million for branches established in other classes of cities and P0.25 million for branches established in municipalities.

For the period ended March 31, 2025, December 31, 2024, and March 31, 2024, the Company is compliant with the minimum capital requirements, respectively

The Company is also compliant with the minimum public float of 10% that is required by the PSE where the Company shares also are traded.

## 19 Summary of material accounting policies

The material accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 19.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee and International Financial Reporting Interpretations Committee which have been approved by the Financial and Sustainability Reporting Standards Council (formerly known as the Financial Reporting Standards Council) and adopted by the SEC.

The financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with PFRSs requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving estimates and judgments are disclosed in Note 17.

These financial statements are presented in Philippine Peso, which is the Company's functional currency. The Company has no transactions denominated in foreign currency as at and for the period ended March 31, 2025, December 31, 2024, and March 31, 2024, respectively.

## 19.2 Changes in accounting policies and disclosures

### (a) Amendments to existing standards adopted by the Company

The following amendments to existing standards are not mandatory for December 31, 2024 reporting period and have not been early adopted by the Company:

- Amendments to PAS1, '*Presentation of Financial Statements*', and PFRS Practice Statement 2

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Amendment to PAS 8, '*Accounting Policies, Changes in Accounting Estimates and Errors*'

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to PAS 12, '*Income Taxes*'

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. PAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

(b) *Amendments to existing standards not yet adopted by the Company*

The following amendments to existing standards are not mandatory for the December 31, 2024 reporting period and have not been early adopted by the Company.

- *Amendments to PAS 1, 'Presentation of Financial Statements'*

Amendments made to PAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what PAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in PAS 8, *'Accounting Policies, Changes in Accounting Estimates and Errors'*. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

- *Amendments to PAS 7, 'Statement of Cash Flows' and PFRS 7, 'Financial Instruments: Disclosures'*

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by PAS 7 Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

There are no other new standards, amendments to existing standard or interpretations effective subsequent to December 31, 2024 that are relevant or expected to have a material impact on the Company's financial statements.

### 19.3 Property and equipment, net

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

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

Depreciation on property and equipment is computed using the straight-line method to allocate its costs less their residual values over an estimated useful life of three years.

The expected useful lives of property and equipment are as follows:

Category	Number of years
Furniture, fixtures and equipment	2-5
Leasehold rights and improvements	10 years or the period of the lease, whichever is shorter
Transportation equipment	3-5

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

### 19.4 Investment properties

Investment properties primarily consist of foreclosed real estate properties. The initial cost of investment properties consists of any directly attributable costs of bringing the investment properties to their intended location and working condition, including any borrowing costs, as applicable.

Investment properties are stated at fair value, which reflects market conditions at the reporting date. The fair value of investment properties is determined by management and independent valuation experts based on the "market approach". Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise. In determining the carrying amount of investment property under the fair value model, the Company does not double-count assets or liabilities that are recognized as separate assets or liabilities.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either it has been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15, 'Revenue from Contracts with Customers'.

Transfers are made to (or from) investment property only when there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development.

## **19.5 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial instrument in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

### **19.5.1 Financial assets**

#### **(a) Classification of financial assets**

The Company classifies its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), at fair value through other comprehensive income and at amortized cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets as at December 31, 2024 and 2023 include those that are measured at amortized cost.

#### *Financial assets at amortized cost*

These are the Company's assets that are held for collection of contractual cash flows, which represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses. Impairment losses are presented as a separate line item in the statement of total comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are presented as non-current assets. Financial assets measured at amortized cost comprise cash in bank, loans and other receivables, and security deposits.

#### **(b) Initial recognition and subsequent measurement**

Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognized at fair value plus transaction costs.

Financial assets are subsequently measured at amortized cost using the effective interest rate method, less provision for impairment, if any.

(c) Impairment of financial assets carried at amortized cost

The Company assesses the ECL associated with its loans and other receivables measured and classified at amortized cost at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions. The Company has identified no macroeconomic variable that can be considered to materially affect the historical loss rates given the nature of its loan portfolio.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

*Definition of default and determination of significant increase in credit risk*

The Company defines loans and receivables as in default when the borrower delays on its contractual payments beyond the grace period allowed. The Company compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine if there is a significant increase in credit risk. Since comparison is made between information at reporting date against initial recognition, the deterioration in credit risk may be triggered by qualitative factors such as confirmation of the existence of the borrower, or adverse trends or developments in the market that may affect the borrower or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics affecting the loan portfolio that may lead to significant losses or may result in the collection of the outstanding loan amount to be highly improbable.

*Staging assessment*

For non-credit impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk since initial recognition. The Company recognized a 12-month ECL for Stage 1 financial assets.
- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognized a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

Financial assets are classified as Stage 3 when there is an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. The ECL model requires a lifetime ECL for impaired financial assets.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate. ECL is only recognized or released to the extent that there is a subsequent change in the ECL.

*Measuring ECL*

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- The PD represents the likelihood that the borrower will default (as per "Definition of default" above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD).

- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage loss per unit of exposure at the time of default.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, if relevant. These assumptions vary on each loan product.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made in 2024 and 2023.

#### (d) Impairment of financial assets carried at amortized cost

Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

### 19.5.2 Financial liabilities

The Company's financial liabilities are limited to those classified at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Company's financial liabilities at amortized cost comprise of accounts payable, notes payable, accrued expenses (except for accrued taxes) and lease liabilities.

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not carried at FVTPL are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as non-current liabilities.

Financial liabilities are derecognized when the obligation is settled, discharged, cancelled or has expired.

### 19.6 Fair value measurement

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

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfil an obligation.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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 (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

#### *Financial assets and financial liabilities*

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price within the bid-ask spread that is most representative of fair value is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

#### *Non-financial assets*

The fair value of a non-financial asset is measured based on its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

### **19.7 Impairment of non-financial assets**

The Company assesses at each end of the reporting period whether there is an indication that its non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The estimated recoverable amount of an asset is the greater of the asset's fair value less costs to sell and value-in-use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

### **19.8 Earnings per share (EPS)**

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is computed in the same manner as basic EPS; however, the net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

## **19.9 Income recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

### *Interest income*

Interest income is recognized in profit or loss for all interest-bearing financial instrument using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates cash flows considering the contractual terms of the financial instrument but does not consider future credit losses. The calculation includes fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

For credit-impaired financial assets, the effective interest rate is applied to the gross carrying amount less the allowance for expected credit loss.

### *Gain or loss on sale of repossessed assets*

Gain or loss on sale of repossessed assets is recognized when the Company disposes of its repossessed assets. Gain or loss is computed as the difference between the proceeds of the disposed repossessed assets and its carrying amount.

### *Other income*

Other income is recognized when earned at a point in time, when the related services have been rendered and the right to receive payment is established.

## **19.10 Employee benefits and retirement benefit obligation**

### *Short term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and recognized as expense as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### *Retirement benefit obligation (asset)*

Pension benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary.

The liability recognized in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Plan assets comprise assets held by the retirement benefit plan which will be used to pay or fund employee benefits.

The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the defined benefit plan. The amount of defined benefit asset recognized in the books is reduced by the amount of asset ceiling.

Remeasurement gains or losses are charged or credited to equity in the period in which they arise. Past service costs are recognized immediately in profit or loss.

### *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. There are no termination benefits paid by the Company as at December 31, 2024 and 2023.

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

## **19.11 Leases**

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### **i. Measurement of lease liabilities**

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the implicit borrowing rate in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company, where possible, uses recent third-party financing received by the Company as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

#### iv. Short-term leases

Payments associated with short-term leases are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 19.12 Income taxes

#### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### *DIT*

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

DIT liabilities are recognized for all taxable temporary differences, except where the DIT 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 income or loss; and in respect of 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.

DIT assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess MCIT over regular CIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry-forward benefits of unused tax credits and unused tax losses can be utilized except:

- where the DIT 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 income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, DIT assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

DIT assets and liabilities are measured at the tax rates that are expected to apply to 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 end of the reporting period.

## 20 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following supplementary information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

### 20.1 Revenue Regulations (RR) No. 15-2010

(a) The Company registered as a percentage taxpayer.

The Company's other taxes and licenses accrued for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 include the following:

	<b>March 31, 2025 (Unaudited)</b>	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Withholding tax on compensation	<b>630,900</b>	2,710,330	503,085
Final withholding tax	-	30,225	-
Expanded withholding taxes	<b>1,744,594</b>	6,888,989	1,144,498
	<b>P2,375,494</b>	P9,629,544	P1,647,583

The above are lodged under "Taxes and Licenses" account in the Company's statement of total comprehensive income. As at March 31, 2025, December 31, 2024, and March 31, 2024 accrued GRT and DST amounted to P 2,729,682, P4,638,957, P2,270,006 and P 95,748, P44,625, P64,786, respectively.

(b) Withholding taxes

Withholding taxes incurred and accrued for the period ended March 31, 2025, December 31, 2024, and March 31, 2024 are as follows:

	<b>March 31, 2025 (Unaudited)</b>	December 31, 2024 (Audited)	March 31, 2024 (Unaudited)
Gross receipts tax (GRT)	<b>2,729,682</b>	11,644,971	2,270,006
Documentary stamp taxes (DST)	<b>232,523</b>	894,553	163,650
DST on stock dividends	-	19,385	-
License and permit fees	<b>276,801</b>	2,940,624	583,356
	<b>₱3,239,005</b>	₱15,499,533	₱3,017,012

No withholding taxes were paid to the BIR for the year ended December 31, 2024.

(c) Tax examinations/Tax cases

There are no tax cases nor litigation and/or prosecution in courts or bodies outside the BIR during the year ended December 31, 2024.

**20.2 RR No. 34-2020**

On December 18, 2020, BIR issued RR N0. 34-2020, Prescribing the Guidelines and Procedures for the Submission of BIR Form No. 1709, Transfer Pricing Documentation (TPD) and other Supporting Documents, Amending for this Purpose the Pertinent Provisions of RR Nos. 19-2020 and 21-2002, as amended by RR No. 15-2010, to streamline the guidelines and procedures for the submission of BIR Form No. 1709, TPD and other supporting documents by providing safe harbors and materiality thresholds. Section 2 of the RR provides the list of taxpayers that are required to file and submit the Related Party Transaction Form, together with the Annual Income Tax Return.

The Company is not covered by the requirements and procedures for related party transactions provided under this RR as it does not meet any criteria of taxpayers prescribed in Section 2 of the RR.

# Certification

I, **Charito S. Espiritu**, (Compliance Officer/CFO) of **Makati Finance Corporation** with SEC registration No. 28788 with principal office at 3F Mazda Makati Building 2301 Chino Roces Ave., Brgy. Magallanes, Makati City, in oath state:

- 1) That on behalf of **Makati Finance Corporation**, I have caused this **SEC Form 17-Q Quarterly Report ended March 31, 2025** to be prepared;
- 2) That I read and understood its content which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the Makati Finance Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents file online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of May 2025.

  
**CHARITO S. ESPIRITU**  
Affiant

SUBSCRIBED AND SWORN to before me this 14 MAY 2025 day of May 2025,

DOC. NO. 138  
PAGE NO. 29  
BOOK NO. XXII  
SERIES OF 2025

NOTARY PUBLIC



  
**ATTY. REMY MA. M. VILLA**  
NOTARY PUBLIC OF MAKATI CITY  
APPOINTMENT NO. M-119  
(REID) (2025-2026)  
UNTIL DECEMBER 31, 2026  
PTP NO. 1041/171, 01-03-2025, MAKATI CITY  
ISP LICENSE NO. 013595; 12-27-2013, I.C.  
ROLL NO. 37226  
MCLE COMPLIANCE NO. VIII-0012754; 08-27-2024  
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM  
3650 DAVILA ST., TEJEROS, MAKATI CITY