



# SECURITIES AND EXCHANGE COMMISSION

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## Company Information

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**SEC Registration No.:** 0000028788

**Company Name:** MAKATI FINANCE CORP.

**Industry Classification:** J66110

**Company Type:** Stock Corporation

## Document Information

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**Document ID:** OST104172026811235559

**Document Type:** Financial Statement

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**Period Covered:** December 31, 2025

**Submission Type:** Annual

**Remarks:** None

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

# **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

## **ANNEX A**





# MAKATI FINANCE CORPORATION

MORE THAN JUST FINANCING

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Makati Finance Corporation** (the **Company**) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at December 31, 2025 and 2024 and for each of the three years in period ended December 31, 2024, in accordance with the prescribed financial reporting framework indicated therein, 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 to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the stockholders.

R. G. Manabat & Co. and Isla Lipana & Co., the independent auditors appointed by the stockholders as at and for the year ended December 31, 2025 and as at December 31, 2024 and 2023 and for the years then ended, respectively, have audited the financial statements of the Company in accordance with Philippine Standard on Auditing, and in their reports to the board of directors and stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

Signed under oath by the following:

  
**MAXCY FRANCISCO JOSE R. BORROMEO**  
 President

  
**ROBERT CHARLES M. LEHMANN**  
 Chairman

  
**CHARITO S. ESPIRITU**  
 Chief Finance Officer

Signed this 14<sup>th</sup> day of April 2026

SUBSCRIBED AND SWORN TO BEFORE ME

THIS DAY OF **14 APR 2026** IN MAKATI CITY

NO. \_\_\_\_\_ ISSUED ON \_\_\_\_\_ AT **ATTY. RENE MA M VILLA**

DOC. NO. 236  
 PAGE NO. 89  
 BOOK NO. YVI  
 SERIES OF 2026

NOTARY PUBLIC OF MAKATI CITY  
 APPOINTMENT NO. M-110  
 (RSD) (2025-2026)  
 UNTIL DECEMBER 31, 2026  
 PTR NO. 10707/221/05-2026/ MAKATI CITY  
 IBP LIFETIME NO. DLS/25/12-27-2013/L.C.  
 ROL NO. 37226  
 MCLE COMPLIANCE NO. VIII-0012751/03-27-2024  
 GROUND FLOOR, MAKATI TERRACES CONDOMINIUM  
 3650 DAVILA ST., TEJEROS, MAKATI CITY



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

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Wed, Apr 15, 2026 at 6:44 PM

Hi MAKATI FINANCE CORPORATION,

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Company TIN: **000-473-966**

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# MAKATI FINANCE CORPORATION

MORE THAN JUST FINANCING

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **Makati Finance Corporation** (the **Company**) is responsible for all information and representations contained in the **Annual Income Tax Return** for the year ended December 31, 2025.

Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the percentage tax returns, withholding tax returns, documentary stamp tax returns, and all other tax returns.

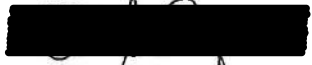
In this regard, management affirms that the attached audited financial statements as at and for the year ended December 31, 2025, and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, As Amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (Philippine Financial Reporting Standards) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling item and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signed under oath by the following:

  
**MAXCY FRANCISCO JOSE R. BORROMELO**  
President

  
**ROBERT CHARLES M. LEHMANN**  
Chairman

  
**CHARITO S. ESPIRITU**  
Chief Finance Officer

Signed this 14<sup>th</sup> day of April 2026

SUBSCRIBED AND SWORN TO BEFORE ME

THIS 14 APR 2026 IN MAKATI CITY

NO. \_\_\_\_\_ ISSUED ON \_\_\_\_\_ AT \_\_\_\_\_

**ATTY. RENE MA M. VILLA**

NOTARY PUBLIC OF MAKATI CITY  
APPOINTMENT NO. 14-110  
(REND. 2025-2025)

UNTIL DECEMBER 31, 2026

PTR NO. 107607221-01-05-2025; MAKATI CITY  
IBP LICENSE NO. 00525-12-27-2013; I.C.  
FOR NO. 37226  
MCLE COMPLIANCE NO. VIII-0092754; 03-27-2024  
GROUND FLOOR, MAKATI TOWER 1, LORONSONA  
3650 DAVAS ST., TEJERUS, MAKATI CITY

DOC. NO. 227  
PAGE NO. 48  
BOOK NO. 211  
SERIES OF 1000

# MAKATI FINANCE CORPORATION

**FINANCIAL STATEMENTS**  
**December 31, 2025 and 2024**

With Independent Auditors' Report

# R.G. Manabat & Co.



R.G. Manabat & Co.  
The KPMG Center, 6/F  
6787 Ayala Avenue, Makati City  
Philippines 1209  
Telephone +63 (2) 8885 7000  
Fax +63 (2) 8894 1985  
Internet [www.home.kpmg/ph](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto:ph-inquiry@kpmg.com)

## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Makati Finance Corporation (the Company), which comprise the statement of financial position as at December 31, 2025, and the statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

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

#### *Basis for Opinion*

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

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

## *Key Audit Matter*

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

### *Allowance for Credit Losses for Loans and Other Receivables*

As described in Notes 5 and 8 to the financial statements, the Company's total allowance for credit losses for loans and other receivables amounted to P109.95 million as at December 31, 2025.

The expected credit losses for loans and other receivables are the product of multiplying the probability of default (PD), loss given default (LGD), and exposure at default (EAD). The PD, LGD, and EAD assumptions are determined based on three macroeconomic scenarios (base, downside and upside) multiplied by their respective scenario weights. The macroeconomic scenario weights are estimated based on a statistical model, which takes into consideration both internal and external forecasted macroeconomic variables over a reasonable and supportable period, after which means reversion reflecting historical loss experience is used for the remaining life of the loan to estimate expected credit losses.

A high degree of effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the various portfolios of loans and other receivables in the Company's methodology, including the methods and models used to estimate the PD, LGD, and EAD and certain significant assumptions for the Company's quantitative and qualitative components. The significant assumptions encompass the loss percentage rate per default as well as the reasonable and supportable forecasts for significant macroeconomic variables. The significant macroeconomic variables include inflation rate and gross domestic product (GDP) growth rate, which are utilized by the models. The assessment also included an evaluation of the conceptual soundness and performance of the PD, LGD, and EAD models. In addition, auditor judgment was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this key audit matter. We evaluated the design and implementation of certain internal controls related to the Company's measurement of expected credit losses, including controls over the methodology's governance.

We evaluated the Company's process to develop the expected credit losses estimate by testing certain sources of data and assumptions that the Company used and considering the relevance and reliability of such data and assumptions.

In addition, we used our own credit risk professional with specialized skills and knowledge, who assisted in:

- evaluating the Company's expected credit losses methodologies for compliance with PFRS 9, *Financial Instruments*;
- continued assessment of the conceptual soundness and performance testing of the PD, LGD, and EAD;
- models by inspecting the model documentation to determine whether the models are suitable for their intended use;
- evaluating judgments made by the Company relative to the performance monitoring testing of the PD, LGD, and EAD models by comparing them to relevant Company-specific metrics; and
- assessing the macroeconomic forecast scenarios through comparison to publicly available forecasts.

We also assessed the sufficiency of the audit evidence obtained related to expected credit losses for loans and other receivables by evaluating the:

- cumulative results of the audit procedures;
- qualitative aspects of the Company's accounting practices; and
- potential bias in the accounting.

### *Emphasis of Matter - Comparative Information*

We draw attention to Note 24 to the financial statements, which describes that the comparative information as at and for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

### *Other Matter - Comparative Information*

The financial statements of the Company as at and for the years ended December 31, 2024 and 2023, excluding the reclassifications described in Note 24, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 15, 2025.

As part of our audit of the financial statements as at and for the year ended December 31, 2025, we audited the reclassifications described in Note 24 that were applied to restate the comparative information as at and for the year ended December 31, 2024.

We were not engaged to audit, review, or apply any procedures to the comparative information other than those related to the reclassifications described in Note 24. Accordingly, we do not express an opinion or any other form of assurance on the comparative information taken as a whole. However, in our opinion, the reclassifications described in Note 24 are appropriate and have been properly applied.

## *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do 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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Tireso Randy F. Lapidez.

# R.G. Manabat & Co.



## Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 and RR No. 34-2020 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to the basic 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. The supplementary information has been subjected to the auditing procedures applied in our audit 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.

### R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. [REDACTED]

SEC Accreditation No. [REDACTED]-SEC, Group A, valid for five (5) years covering the audit of 2022 to 2026 financial statements

Tax Identification No. [REDACTED]

BIR Accreditation No. [REDACTED]

Issued May 25, 2023; valid until May 25, 2026

PTR No. [REDACTED]

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

# R.G. Manabat & Co.



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Philippines 1209  
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Fax +63 (2) 8894 1985  
Internet www.home.kpmg/ph  
Email ph-inquiry@kpmg.com

## REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Makati Finance Corporation (the Company) as at and for the year ended December 31, 2025, and have issued our report thereon dated April 15, 2026.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029 financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

# R.G. Manabat & Co.



This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the financial statements as at and for the year ended December 31, 2025 and no material exceptions were noted.

## R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. [REDACTED]

SEC Accreditation No. [REDACTED]-SEC, Group A, valid for five (5) years covering the audit of 2022 to 2026 financial statements

Tax Identification No. [REDACTED]

BIR Accreditation [REDACTED]

Issued May 25, 2023; valid until May 25, 2026

PTR No. [REDACTED]

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

# R.G. Manabat & Co.



R.G. Manabat & Co.  
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Internet www.home.kpmg/ph  
Email ph-inquiry@kpmg.com

## REPORT OF INDEPENDENT AUDITORS ON ON SUPPLEMENTARY INFORMATION

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of Makati Finance Corporation (the Company) as at and for the year ended December 31, 2025, included in this Form 17-A, and have issued our report thereon dated April 15, 2026.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management. Such additional components include:

- Reconciliation of Retained Earnings Available for Dividend Declaration;
- Map of Group of Companies within which the Company belongs; and
- Supplementary Schedules of Annex 68-J.

Firm Regulatory Registration & Accreditation:  
PRC-BOA Registration No. 0003, valid until September 20, 2026  
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029  
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

R.G. Manabat & Co., a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

# R.G. Manabat & Co.



This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License [REDACTED]

SEC Accreditation [REDACTED], Group A, valid for five (5) years covering the audit of 2022 to 2026 financial statements

Tax Identification No. [REDACTED]

BIR Accreditation No. [REDACTED]

Issued May 25, 2023; valid until May 25, 2026

PTR No. [REDACTED]

Issued January 5, 2026 at Makati City

April 15, 2026

Makati City, Metro Manila

**MAKATI FINANCE CORPORATION**  
**STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Note	2025	2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	7	P20,713,027	P19,078,143
Loans and other receivables - net	5, 8, 12	515,346,123	535,274,139
Other current assets - net	11	104,386,357	112,862,040
<b>Total Current Assets</b>		<b>640,445,507</b>	667,214,322
<b>Noncurrent Assets</b>			
Loans and other receivables - net of current portion	5, 8, 12	218,846,665	322,729,101
Property and equipment - net	9	9,711,041	7,042,381
Investment properties - net	10	104,807,735	98,664,010
Right-of-use asset - net	22	25,001,900	4,546,617
Deferred tax assets - net	19	41,997,221	37,437,621
Other noncurrent assets - net	11	6,319,637	5,940,519
<b>Total Noncurrent Assets</b>		<b>406,684,199</b>	476,360,249
		<b>P1,047,129,706</b>	P1,143,574,571
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Notes payable	5, 15	P395,079,832	P510,316,500
Accounts payable	5, 13, 21	2,249,181	11,890,538
Accrued expenses	14	14,362,206	15,956,255
Lease liabilities	22	9,577,770	3,960,368
Income tax payable		2,733,078	3,499,018
<b>Total Current Liabilities</b>		<b>424,002,067</b>	545,622,679
<b>Noncurrent Liabilities</b>			
Lease liabilities - net of current portion	22	15,484,204	1,033,684
Retirement benefit obligation	20	10,437,502	10,113,152
<b>Total Noncurrent Liabilities</b>		<b>25,921,706</b>	11,146,836
		<b>449,923,773</b>	556,769,515
<b>Equity</b>			
Capital stock	16	276,069,441	273,900,122
Additional paid-in capital		5,803,922	5,803,922
Retained earnings:			
Appropriated	16	80,000,000	-
Unappropriated		221,891,010	295,912,879
Remeasurement gain on retirement benefit obligation		13,441,560	11,188,133
		<b>597,205,933</b>	586,805,056
		<b>P1,047,129,706</b>	P1,143,574,571

See Notes to the Financial Statements.

**MAKATI FINANCE CORPORATION**  
**STATEMENTS OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME (LOSS)**

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2025</b>	2024	2023
<b>INTEREST INCOME</b>	12	<b>P177,478,804</b>	P183,657,793	P175,174,176
<b>INTEREST EXPENSE</b>	12	<b>36,939,261</b>	38,120,468	34,653,048
<b>NET INTEREST INCOME</b>		<b>140,539,543</b>	145,537,325	140,521,128
<b>OTHER INCOME</b>				
Service charges	12, 17	<b>13,238,100</b>	9,031,628	8,428,924
Fair value adjustment on investment properties	10, 12, 18	<b>5,955,225</b>	4,447,700	4,817,734
Gain on sale of investment property	12, 18	-	21,568,169	-
Miscellaneous	12, 18	<b>2,716,906</b>	19,134,849	26,403,922
		<b>21,910,231</b>	54,182,346	39,650,580
<b>TOTAL OPERATING INCOME</b>		<b>162,449,774</b>	199,719,671	180,171,708
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits		<b>63,418,413</b>	64,274,365	56,752,510
Provision for credit losses	8, 12	<b>18,597,944</b>	19,349,940	32,176,691
Depreciation and amortization	9, 11, 12	<b>14,522,457</b>	16,603,690	16,879,761
Taxes and licenses		<b>10,690,107</b>	17,929,494	14,992,634
Management and professional fees		<b>8,166,544</b>	10,895,941	7,152,343
Commission		<b>4,853,431</b>	4,943,426	3,267,254
Travel and transportation		<b>3,341,599</b>	5,038,518	5,138,614
Provision for impairment loss of repossessed assets	11	<b>2,281,661</b>	1,937,134	7,495,767
Occupancy costs		<b>1,548,276</b>	3,188,214	4,451,052
Entertainment, amusement and recreation		<b>1,305,146</b>	1,180,090	558,787
Miscellaneous	18	<b>18,982,533</b>	30,059,715	14,044,270
	12	<b>147,708,111</b>	175,400,527	162,909,683
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>14,741,663</b>	24,319,144	17,262,025
<b>INCOME TAX EXPENSE</b>	12, 19	<b>4,424,806</b>	9,856,723	4,338,476
<b>NET INCOME</b>	16	<b>10,316,857</b>	14,462,421	12,923,549
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Item that may not be reclassified to profit or loss</i>				
Net remeasurement gain (loss) on retirement benefit obligation - net of tax		<b>2,253,427</b>	3,205,173	(2,268,741)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>P12,570,284</b>	P17,667,594	P10,654,808
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	16	<b>P0.04</b>	P0.05	P0.05

See Notes to the Financial Statements.

**MAKATI FINANCE CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**

Years Ended December 31

	Capital Stock (Note 16)	Additional Paid-In Capital	Retained Earnings (Note 16)		Remeasurement Gain (Loss) on Retirement Benefit Obligation	Total Equity
			Unappropriated	Appropriated		
<b>Balances at January 1, 2025</b>	<b>P273,900,122</b>	<b>P5,803,922</b>	<b>P295,912,879</b>	<b>P -</b>	<b>P11,188,133</b>	<b>P586,805,056</b>
<b>Transactions with Owners</b>						
Stock dividends	2,169,319	-	(2,169,319)	-	-	-
Cash dividends	-	-	(2,169,407)	-	-	(2,169,407)
Total transactions with owners	2,169,319	-	(4,338,726)	-	-	(2,169,407)
Comprehensive Income						
Net income for the year	-	-	10,316,857	-	-	10,316,857
Other comprehensive income	-	-	-	-	2,253,427	2,253,427
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>10,316,857</b>	<b>-</b>	<b>2,253,427</b>	<b>12,570,284</b>
<b>Appropriation of retained earnings</b>	<b>-</b>	<b>-</b>	<b>(80,000,000)</b>	<b>80,000,000</b>	<b>-</b>	<b>-</b>
<b>Balances at December 31, 2025</b>	<b>P276,069,441</b>	<b>P5,803,922</b>	<b>P221,891,010</b>	<b>P80,000,000</b>	<b>P13,441,560</b>	<b>P597,205,933</b>
Balances at January 1, 2024	P271,961,630	P5,803,922	P285,327,523	P -	P7,982,960	P571,076,035
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)
Comprehensive Income						
Net income for the year	-	-	14,462,421	-	-	14,462,421
Other comprehensive income	-	-	-	-	3,205,173	3,205,173
Total comprehensive income	-	-	14,462,421	-	3,205,173	17,667,594
Balances at December 31, 2024	P273,900,122	P5,803,922	P295,912,879	P -	P11,188,133	P586,805,056
Balances at January 1, 2023	P269,283,709	P5,803,922	P277,759,903	P -	P10,251,701	P563,099,235
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)
Comprehensive Income						
Net income for the year	-	-	12,923,549	-	-	12,923,549
Other comprehensive loss	-	-	-	-	(2,268,741)	(2,268,741)
Total comprehensive income	-	-	12,923,549	-	(2,268,741)	10,654,808
Balances at December 31, 2023	P271,961,630	P5,803,922	P285,327,523	P -	P7,982,960	P571,076,035

See Notes to the Financial Statements.

**MAKATI FINANCE CORPORATION**  
**STATEMENTS OF CASH FLOWS**

		<b>Years Ended December 31</b>		
		<b>2025</b>	2024 (As reclassified - Note 24)	2023 (As reclassified - Note 24)
<i>Note</i>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	Income before income tax expense	<b>P14,741,663</b>	P24,319,144	P17,262,025
	Adjustments for:			
	Provision for credit losses on loans and other receivables	8, 12 <b>18,597,944</b>	19,349,940	16,377,948
	Depreciation and amortization	9, 11, 12, 22 <b>14,522,457</b>	16,603,690	16,879,761
	Fair value change in investment properties	10, 18 <b>(5,955,225)</b>	(4,447,700)	(4,817,734)
	Retirement benefits expense	20 <b>3,328,919</b>	3,093,037	2,477,820
	Interest expense from lease liabilities	22 <b>240,237</b>	905,309	1,169,810
	Provision for impairment loss of repossessed assets	11 <b>2,281,661</b>	1,937,134	7,495,767
	Loss (gain) from sale of repossessed assets	11 <b>10,252,173</b>	(99,021)	567,701
	Gain from sale of investment properties	10 <b>-</b>	(21,568,169)	-
	Loss (gain) from sale of property and equipment	9 <b>295,255</b>	(1,153,360)	-
	Gain on lease termination	22 <b>-</b>	(1,880,589)	-
	Lease additions, net of modification	<b>-</b>	<b>-</b>	3,451
		<b>58,305,084</b>	37,059,415	57,416,549
	Changes in:			
	Loans and other receivables - net	<b>52,919,067</b>	(66,144,988)	(69,623,207)
	Other current assets - net	<b>42,945,962</b>	(13,946,808)	(4,312,634)
	Other noncurrent assets - net	<b>(38,863)</b>	-	-
	Accounts payable	<b>(9,641,357)</b>	(11,074,202)	(17,427,757)
	Accrued expenses	<b>35,963,820</b>	31,143,381	30,563,476
		<b>180,453,713</b>	(22,963,202)	(3,383,573)
	Interest received	<b>11,637</b>	-	-
	Interest paid	14 <b>(37,557,869)</b>	(36,710,948)	(33,241,573)
	Income taxes paid	<b>(4,947,526)</b>	(2,236,014)	(3,478,159)
	Net cash flows provided by (used in) operating activities	<b>137,959,955</b>	(61,910,164)	(40,103,305)

Forward

**Years Ended December 31**

		2024	2023
		(As reclassified -	(As reclassified -
	<b>Note</b>	<b>2025</b>	<b>Note 24)</b>
		<b>Note 24)</b>	<b>Note 24)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of:			
Property and equipment	9	<b>(P6,912,884)</b>	(P4,278,985)
Computer software	11	<b>(1,345,031)</b>	(676,242)
Investment properties	10	<b>(188,500)</b>	(111,575)
Proceeds from disposals of:			
Property and equipment		<b>2,698</b>	-
Investment properties	10	-	80,776,021
Net cash (used in) provided by investing activities		<b>(8,443,717)</b>	75,709,219
			(2,455,126)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availment of notes payable	15	<b>144,716,375</b>	126,793,767
Settlement of notes payable	15	<b>(259,953,043)</b>	(127,351,530)
Payment of lease liabilities	22	<b>(10,475,279)</b>	(15,326,686)
Cash dividends paid	16	<b>(2,169,407)</b>	(1,938,573)
Net cash (used in) provided by financing activities		<b>(127,881,354)</b>	(17,823,022)
			31,609,035
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>1,634,884</b>	(4,023,967)
			(10,949,396)
<b>CASH AT BEGINNING OF YEAR</b>		<b>19,078,143</b>	23,102,110
			34,051,506
<b>CASH AT END OF YEAR</b>	7	<b>P20,713,027</b>	P19,078,143
			P23,102,110

See Notes to the Financial Statements.

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**MAKATI FINANCE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**1. Reporting Entity**

Makati Finance Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 17, 1966. The Company's shares were listed with the Philippine Stock Exchange (PSE) on November 28, 2002, as approved by the SEC on December 9, 2002.

The Company is primarily engaged in extending credit facilities to consumers and to industrial, commercial or agricultural enterprises either by direct lending or by discounting or factoring commercial papers or accounts receivable, or by buying or selling contracts, leases, chattel mortgages, or other evidence of indebtedness, or by financial leasing of movable as well as immovable property.

As at December 31, 2025 and 2024, Amalgamated Investment Bancorporation and Motor Ace Philippines, Inc. own 43.47% and 43.59%, and 24.68% and 24.89% of the Company's outstanding shares, respectively.

The Company's principal place of business is located at 3rd Floor, Mazda Makati Building, 2301 Chino Roces Avenue, Barangay Magallanes, Makati City.

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**2. Basis of Preparation**

Basis of Accounting

These financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. They were authorized for issue by the Company's board of directors (BOD) on April 10, 2026.

Details of the Company's material accounting policies are included in Note 23.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for the following items:

Items	Measurement Bases
Investment properties	Fair value
Retirement benefit obligation	Present value of the defined benefit obligation less fair value of plan assets
Lease liabilities	Present value of the lease payments not yet paid discounted using the incremental borrowing rate (IBR)

Functional and Presentation Currency

These financial statements are presented in Philippine peso, which is also the Company's functional currency. All financial information presented in Philippine peso have been rounded to the nearest peso, unless otherwise indicated.

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### 3. Use of Judgments and Estimates

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is as follows:

#### *Significant Increase in Credit Risk*

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

The Company's quantitative and qualitative factors in determining whether credit risk of a particular exposure is deemed to have increased significantly since its initial recognition is disclosed in Note 5.

#### *Identifying Leases - Company as a Lessee*

The Company uses its judgment in assessing that a contract is, or contains, a lease when the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has the right to control the asset if it obtains substantially all of the economic benefits from the use of the identified asset throughout the period of use when the Company has the right to direct the use of the identified asset. The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

The Company has lease contracts for office and parking spaces, warehouses and branch stores used in its operations. The Company has determined that it has the right to control the use of the identified assets over their respective lease terms.

Further details on the leases are disclosed in Note 22.

#### *Determining the Lease Term of Contract with Renewal and Termination Options - Company as a Lessee*

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 judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease.

Further details on the leases are disclosed in Note 22.

### Assumptions and Estimation Uncertainties

Information about assumptions and uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is as follows:

#### *Fair Value of Financial Instruments*

When the fair values of financial assets and liabilities recorded in the statement financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk, and volatility for discount rates, prepayments and default rate assumptions. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Company's financial instruments are disclosed in Note 4.

#### *Impairment Losses on Loans and Other Receivables*

The Company reviews its loan portfolio to assess impairment on a regular basis. In determining whether an impairment loss should be recorded in the statement of profit or loss and other comprehensive income (loss).

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (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.

The details of the provision for impairment losses on loans and other receivables are disclosed in Note 8.

#### *Determining the Impairment Indicators on Non-Financial Assets*

The Company assesses, at the end of each reporting period, whether there is any indication that its non-financial assets, including investment properties, may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Investment properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The allowance for impairment losses recognized on investment properties are disclosed in Note 10.

#### *Determining the Subsequent Measurement for Noncurrent Assets Held for Sale*

The Company applies judgment in determining whether noncurrent assets meet the criteria to be classified as held for sale, including whether the assets are available for immediate sale and whether the sale is highly probable. Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The determination of fair value less costs to sell involves estimates of expected selling prices and directly attributable disposal costs, which require judgement and are subject to changes in market conditions.

The details for the repossessed assets recognized as noncurrent assets held for sale is disclosed in Note 11.

#### *Estimating Useful Lives of Property and Equipment and Software Costs*

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

The estimated useful lives of property and equipment and software costs are disclosed in Note 23.

#### *Recoverability of Deferred Tax Assets*

The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. However, there is no assurance that the Company will utilize all or part of its deferred tax assets. Any deferred tax assets will be remeasured if it might result to derecognition in cases where the expected tax law to be enacted will impose a possible risk on its realization.

The Company's deferred tax assets are disclosed in Note 19.

#### *Determining the IBR*

The weighted average IBR applied to its lease liabilities 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 leased contracts.

#### *Estimating Retirement Benefit Obligation*

The retirement expense and liability are determined based on actuarial valuation. The actuarial valuation involves making various assumptions. These include the determination of the discount rates and salary increase rates. Due to the complexity of the actuarial valuation, the underlying assumptions and its long-term nature, the retirement obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the statement of financial position date.

In determining the appropriate discount rate, management considers the interest rates of government bonds with extrapolated maturities corresponding to the expected duration of the retirement liability. Salary increase rates are based on expected future inflation rates.

The retirement benefit obligation of the Company and details about the assumptions used are disclosed in Note 20.

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#### 4. Fair Value Measurement

As at December 31, 2025 and 2024, the carrying values of the Company's financial assets and liabilities as reflected in the statement of financial position and related notes approximate their respective fair values as of the statement of financial position date. The methods and assumptions used by the Company in estimating the fair value of its financial instruments are as follows:

*Cash in Banks, Loans and Other Receivables, Security Deposits, Notes Payable, Accounts Payable, Accrued Expenses and Lease Liabilities* - The carrying amounts approximate their fair value due to the relatively short-term nature and maturity of these assets and liabilities.

##### *Fair Value Hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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 amounted to P104.81 million and P98.66 million (see Note 10) fall under Level 3 of the fair value hierarchy as at December 31, 2025 and 2024, respectively. The main Level 3 inputs used by the Company pertain to marketability and size.

For the years ended December 31, 2025 and 2024, carrying amounts of repossessed assets - net are lower than fair value less costs to sell.

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## 5. Financial Risk Management

The Company has exposure to the following financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Risk Management Framework

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.

### Credit Risk

Credit risk is the risk of financial loss resulting from the inability of customers or borrowers to fulfill their contractual payment obligations to the Company. 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 majority of the Company's exposure to credit risk arises in connection with the provision of ECL for consumer financing, which is the Company's principal business. The remaining part of the Company's exposures to credit risk is related to cash in banks and security deposits.

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:

	<i>Note</i>	<b>2025</b>	2024
Cash in banks	7	<b>P20,190,974</b>	P18,620,665
Loans and other receivables	8	<b>844,138,460</b>	999,337,564
Security deposits	11	<b>4,651,862</b>	4,733,792
		<b>P868,981,296</b>	P1,022,692,021

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 other receivable is disclosed in Note 8.

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

December 31, 2025					
Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired	
<b>Loans Receivables*</b>					
	0.00%	P596,413,418	P -	No	
	6.51%	184,719,277	(54,266,725)	No	
	6.26%	52,334,686	(52,189,425)	Yes	
8		P833,467,381	(P106,456,150)		

\*includes accrued interest receivable and unearned interest income.

December 31, 2024					
Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired	
<b>Loans Receivables*</b>					
	0.00%	P704,944,601	P -	No	
	4.61%	185,353,917	(45,261,659)	No	
	9.33%	91,606,950	(91,606,950)	Yes	
8		P981,905,468	(P136,868,609)		

\*includes accrued interest receivable and unearned interest income.

December 31, 2025					
Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired	
<b>Other receivables</b>					
	32.70%	P10,671,079	(P3,489,522)	No	
	0.00%	-	-	No	
	0.00%	-	-	Yes	
8		P10,671,079	(P3,489,522)		

December 31, 2024					
Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired	
<b>Other receivables</b>					
	25.62%	P17,432,096	(P4,465,715)	No	
	0.00%	-	-	No	
	0.00%	-	-	Yes	
8		P17,432,096	(P4,465,715)		

The movement in the allowance for ECL is disclosed in Note 8.

Security deposits are made in connection with the lease arrangements (see Note 23) 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.

*Republic Act (R.A.) No. 8556, The Financing Company Act of 1998*

Section 8(f) of R.A. No. 8556 requires that a 100% allowance for credit losses should be set up for the following:

- Clean loans and advances past due for a period of more than six (6) months;
- Past due loans secured by collateral such as inventories, receivables, equipment and other chattels that have declined in value by more than 50%, without the borrower offering additional collateral for the loans;
- Past due loans secured by real estate mortgage title to which is subject to an adverse claim rendering settlement through foreclosure;
- When borrower and his co-maker or guarantor, are insolvent or where their whereabouts are unknown, or their earnings power is permanently impaired;
- Accrued interest receivable that remain uncollected after six (6) months from the maturity date of such loans to which it accrues; and
- Accounts receivable past due for three hundred sixty-one (361) days or more.

For the years ended December 31, 2025 and 2024, the Company is compliant with the provisioning requirements of R.A. No. 8556.

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, 2025 and 2024.

	2025		
	Up to One Year	Over One Year	Total
<b>Financial Assets</b>			
Cash in banks	P20,190,974	P -	P20,190,974
Loans and other receivables	515,346,123	218,846,665	734,192,788
Security deposits	4,651,862	-	4,651,862
<b>Total Financial Assets</b>	<b>540,188,959</b>	<b>218,846,665</b>	<b>759,035,624</b>
<b>Financial Liabilities</b>			
Notes payable	395,079,832	-	395,079,832
Accounts payable	2,249,181	-	2,249,181
Accrued expenses*	10,456,417	-	10,456,417
Lease liabilities	9,047,064	18,000,318	27,047,382
<b>Total Financial Liabilities</b>	<b>416,832,494</b>	<b>18,000,318</b>	<b>434,832,812</b>
<b>Total Maturity Gap</b>	<b>P123,356,465</b>	<b>P200,846,347</b>	<b>P324,202,812</b>

\*Excluding government payables

	2024		Total
	Up to One Year	Over One Year	
<b>Financial Assets</b>			
Cash in banks	P18,620,665	P -	P18,620,665
Loans and other receivables	535,274,139	322,729,101	858,003,240
Security deposits	4,733,792	-	4,733,792
<b>Total Financial Assets</b>	<b>558,628,596</b>	<b>322,729,101</b>	<b>881,357,697</b>
<b>Financial Liabilities</b>			
Notes payable	510,316,500	-	510,316,500
Accounts payable	11,890,538	-	11,890,538
Accrued expenses*	9,955,860	-	9,955,860
Lease liabilities	4,059,435	1,042,105	5,101,540
<b>Total Financial Liabilities</b>	<b>536,222,333</b>	<b>1,042,105</b>	<b>537,264,438</b>
<b>Total maturity Gap</b>	<b>P22,406,263</b>	<b>P321,686,996</b>	<b>P344,093,259</b>

\*Excluding government payables

The Company expects to generate sufficient cash flows from its operating activities. In addition, the major stockholders are 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.

#### Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. The Company considers market risk to be relevant due to changes in market variables such as interest rate risk.

#### 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 (see Note 15). 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.

## **6. 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 2025.

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

- (a) minimum paid-up capital of P10 million; and
- (b) additional capital requirements for each branch of P1 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, 2025 and 2024, the Company is compliant with the minimum capital requirements.

The Company is also compliant with the minimum public float of 20% that is required by the PSE where the Company's shares also are traded.

## 7. Cash

This account consists of:

	<i>Note</i>	<b>2025</b>	2024
Cash in banks	5	<b>P20,190,974</b>	P18,620,665
Cash on hand		<b>522,053</b>	457,478
		<b>P20,713,027</b>	P19,078,143

Cash in banks pertain to current and savings accounts earning interest at prevailing bank deposit rates.

## 8. Loans and Other Receivables - net

The account as at December 31 consists of:

	<i>Note</i>	<b>2025</b>	2024
Loans receivable		<b>P1,250,043,130</b>	P1,488,783,918
Accrued interest receivable		<b>6,361,799</b>	6,020,662
Other receivables		<b>10,671,079</b>	17,432,096
		<b>1,267,076,008</b>	1,512,236,676
Unearned interest income		<b>(422,937,548)</b>	(512,899,112)
	5	<b>844,138,460</b>	999,337,564
Allowance for ECL		<b>(109,945,672)</b>	(141,334,324)
	5, 12	<b>P734,192,788</b>	P858,003,240

The terms of the loans vary from three (3) months to five (5) years in 2025 and 2024. The average monthly interest rates charged to clients range from 1.04% to 9.10% and 0.42% to 3.00% in 2025 and 2024, respectively.

Interest income earned from loans receivable amounted to P177.48 million, P183.66 million and P175.17 million in 2025, 2024 and 2023, respectively.

In 2025, leisure bike loans receivables, doctor's loan receivables, microbusiness loans receivables and motorcycle financing receivables amounting to P1.40 million, P2.12 million, P3.18 million and P82.87 million, respectively were used as collateral for notes payable to banks. In 2024, motorcycle financing loan receivables amounting to P100.90 million were used as collateral for notes payable to banks.

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

	2025	2024
Secured loans:		
Chattel mortgage	<b>P242,569,819</b>	P384,585,981
Real estate mortgage	<b>3,682,128</b>	3,823,482
Other collaterals	<b>39,997,154</b>	45,563,421
Total secured	<b>286,249,101</b>	433,972,884
Unsecured	<b>557,889,359</b>	565,364,680
	<b>P844,138,460</b>	P999,337,564

Other collaterals pertain to deposits, assignment of receivables and salary.  
The movements in the allowance for ECL are as follows:

	<i>Note</i>	December 31, 2025		Total
		Loans Receivable	Other Receivables	
At January 1		<b>P136,868,609</b>	<b>P4,465,715</b>	<b>P141,334,324</b>
Provision	12	<b>18,597,944</b>	-	<b>18,597,944</b>
Write-off		<b>(49,010,403)</b>	<b>(976,193)</b>	<b>(49,986,596)</b>
At December 31		<b>P106,456,150</b>	<b>P3,489,522</b>	<b>P109,945,672</b>

	<i>Note</i>	December 31, 2024		Total
		Loans Receivable	Other Receivables	
At January 1		P152,423,221	P4,465,715	P156,888,936
Provision	12	19,349,940	-	19,349,940
Write-off		(34,904,552)	-	(34,904,552)
At December 31		P136,868,609	P4,465,715	P141,334,324

## 9. Property and Equipment - net

The movements in this account are as follows:

2025					
	<i>Note</i>	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
<b>Cost</b>					
At January 1		P23,328,925	P11,554,852	P6,263,297	P41,147,074
Additions		3,439,984	-	3,472,900	6,912,884
Disposals		-	-	(821,658)	(821,658)
At December 31		26,768,909	11,554,852	8,914,539	47,238,300
<b>Accumulated Depreciation</b>					
At January 1		20,417,899	9,835,760	3,851,034	34,104,693
Depreciation	12	1,838,225	815,603	1,136,966	3,790,794
Disposals		-	-	(368,228)	(368,228)
At December 31		22,256,124	10,651,363	4,619,772	37,527,259
<b>Carrying Amount</b>		<b>P4,512,785</b>	<b>P903,489</b>	<b>4,294,767</b>	<b>P9,711,041</b>
2024					
	<i>Note</i>	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
<b>Cost</b>					
At January 1		P20,701,416	P11,331,636	P10,643,838	P42,676,890
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		19,462,537	9,069,735	8,476,981	37,009,253
Depreciation	12	955,362	766,025	1,182,851	2,904,238
Disposals		-	-	(5,808,798)	(5,808,798)
At December 31		20,417,899	9,835,760	3,851,034	34,104,693
<b>Carrying Amount</b>		<b>P2,911,026</b>	<b>P1,719,092</b>	<b>P2,412,263</b>	<b>P7,042,381</b>

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

In 2025, 2024 and 2023, disposals of fully depreciated transportation equipment resulted in a (loss) gain of (P0.30 million), P1.15 million and nil which are recorded under 'miscellaneous income' account in the statement of profit or loss and other comprehensive income (loss).

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**10. Investment Properties - net**

The Company's investment properties consist of land and building.

The movements in this account are as follows:

	<i>Note</i>	<b>2025</b>	2024
Beginning of year		<b>P98,664,010</b>	P153,312,587
Additions		<b>188,500</b>	111,575
Disposals		-	(59,207,852)
Fair value adjustment	18	<b>5,955,225</b>	4,447,700
		<b>P104,807,735</b>	P98,664,010

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The following are the amounts recognized in the statement of profit of loss and other comprehensive income (loss):

		<b>2025</b>	2024
Fair value adjustment on investment property	18	<b>P5,955,225</b>	P4,447,700
Gain on sale of investment property	18	-	21,568,169
		<b>P5,955,225</b>	P26,015,869

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In 2024, the Company sold investment properties with a proceeds amounting to P80.78 million resulting to a gain amounting to P21.57 million recognized under 'gain on sale of investment property' account in the statement of profit or loss and other comprehensive income (loss) (Note 18).

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 valued is based on recent market transactions of comparable properties.

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**11. Other Assets - net**

This account consists of:

	<i>Note</i>	<b>2025</b>	2024
<b>Other Current Assets</b>			
Repossessed assets - net	12	<b>P98,058,649</b>	P107,790,036
Prepaid expenses		<b>6,327,708</b>	5,072,004
		<b>104,386,357</b>	112,862,040
<b>Other Noncurrent Assets</b>			
Security deposits	5, 22	<b>4,651,862</b>	4,733,792
Software costs		<b>1,667,775</b>	1,206,727
		<b>6,319,637</b>	5,940,519
		<b>P110,705,994</b>	P118,802,559

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Repossessed assets pertain to motorcycle units that were repossessed from the Company's motorcycle financing business. The movements in the account are as follows:

	2025	2024
<b>Cost</b>		
Balance at beginning of year	P144,863,341	P140,623,906
Additions	46,883,319	77,481,667
Disposals	(57,594,507)	(62,947,487)
Write-off	(32,754,267)	(10,294,745)
<b>Balance at end of year</b>	<b>101,397,886</b>	144,863,341
<b>Allowance for Impairment Losses</b>		
Balance at beginning of year	37,073,305	45,430,916
Provision for impairment loss	2,281,661	1,937,134
Reversal of impairment loss	(3,261,462)	-
Write-off	(32,754,267)	(10,294,745)
<b>Balance at end of year</b>	<b>3,339,237</b>	37,073,305
<b>Carrying amount at end of year</b>	<b>P98,058,649</b>	P107,790,036

The Company earned (loss) gain from sale of repossessed assets amounted to (P10.25 million), P0.10 million and P0.57 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Prepaid expenses consist of supplies, insurance and rent.

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

The movements in computer software are as follows:

	<i>Note</i>	2025	2024
<b>Cost</b>			
Balance at beginning of year		P7,776,505	P6,851,016
Additions		1,345,031	925,489
<b>Balance at end of year</b>		<b>9,121,536</b>	7,776,505
<b>Accumulated Amortizations</b>			
Balance at beginning of year		6,569,779	6,320,524
Amortization	12	883,982	249,255
<b>Balance at end of year</b>		<b>7,453,761</b>	6,569,779
		<b>P1,667,775</b>	P1,206,726

## 12. Operating Segment

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 wish to expand its business or for the purpose of starting capital.
- (c) Motor Vehicles Financing Group  
The Motorcycle Financing Group grants loans to motorcycle and car buyers. As at December 31, 2025, the Company has discontinued its motor vehicle financing program to enhance profitability and operational efficiency.
- (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. The Company does not have a single customer from which sales revenue generated amounted to 10% or more of the total revenue of the Company.

Financial information about operating segments follows:

	Note	2025				Total
		Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	
Loans and other receivables - net	5, 8	P117,358,414	P395,958,983	P196,191,568	P24,683,823	P734,192,788
Repossessed assets - net		-	-	98,058,649	-	98,058,649
Results of operation						
Revenue						
Interest income	8	31,093,044	78,712,633	61,483,014	6,190,113	177,478,804
Other income (loss)	17, 18	3,110,163	17,921,808	(6,443,834)	7,322,094	21,910,231
Total		34,203,207	96,634,441	55,039,180	13,512,207	199,389,035
Expenses						
Interest expense		6,471,500	16,382,725	12,796,667	1,288,369	36,939,261
Provision for (Reversal of) ECL	8	395,934	15,533,638	3,742,708	(1,074,336)	18,597,944
Operating expenses	8	22,147,566	62,573,595	35,639,461	8,749,545	129,110,167
Total		29,015,000	94,489,958	52,178,836	8,963,578	184,647,372
Net operating income		5,188,207	2,144,483	2,860,344	4,548,629	14,741,663
Income tax expense	19	1,423,887	894,468	919,187	1,187,264	4,424,806
Net Income		3,764,320	1,250,015	1,941,157	3,361,365	10,316,857
Total assets		134,952,844	560,129,078	323,663,351	28,384,433	1,047,129,706
Total liabilities		71,918,904	242,649,291	120,228,981	15,126,597	449,923,773
Other segment information						
Capital expenditures		1,105,010	3,728,224	1,847,278	232,415	6,912,927
Depreciation and amortization	9, 11, 22	P2,321,369	P7,832,135	P3,880,702	P488,251	P14,522,457

	Note	2024				Total
		Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	
Loans and other receivables - net	5, 8	P100,634,833	P409,168,801	P313,764,781	P34,434,825	P858,003,240
Repossessed assets - net		-	-	107,790,036	-	107,790,036
Results of operation						
Revenue						
Interest income	8	20,212,532	69,843,615	92,034,495	1,567,151	183,657,793
Other income	17, 18	2,313,486	34,821,726	5,859,360	11,187,774	54,182,346
Total		22,526,018	104,665,341	97,893,855	12,754,925	237,840,139
Expenses						
Interest expense		4,195,363	14,496,914	19,102,909	325,282	38,120,468
(Reversal of) Provision for ECL	8	(2,358,405)	15,421,928	2,477,934	3,808,483	19,349,940
Operating expenses	8	14,384,267	57,756,584	79,106,730	4,803,006	156,050,587
Total		16,221,225	87,675,426	100,687,573	8,936,771	213,520,995
Net operating income (loss)		6,304,793	16,989,915	(2,793,718)	3,818,154	24,319,144
Income tax expense	19	1,785,182	5,377,034	598,767	2,095,740	9,856,723
Net income (loss)		4,519,611	11,612,881	(3,392,485)	1,722,414	14,462,421
Total assets		107,751,649	538,951,973	454,424,638	42,446,311	1,143,574,571
Total liabilities		42,258,234	229,298,391	261,954,353	23,258,537	556,769,515
Other segment information						
Capital expenditures		325,075	1,757,026	2,017,790	179,094	4,278,985
Depreciation and amortization	9, 11, 22	P1,261,385	P6,817,763	P7,829,606	P694,936	P16,603,690

### 13. Accounts Payable

This account represents accounts payable to suppliers, both consisting of third parties and related parties, for the motorcycles being refinanced by the Company through loans. These are unsecured and are generally settled within one (1) year. As at December 31, 2025 and 2024, accounts payable amounted to P2.25 million and P11.89 million, respectively.

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#### 14. Accrued Expenses

This account consists of:

	<b>Note</b>	<b>2025</b>	<b>2024</b>
Accrued administrative expenses	5	<b>P3,338,754</b>	P1,265,532
Accrued taxes		<b>3,905,789</b>	6,000,395
Accrued management and professional fees	5	<b>1,281,589</b>	821,168
Accrued interest	5	<b>1,170,085</b>	2,028,930
Accrued rent	5	<b>971,700</b>	2,140,941
Insurance payable	5	<b>743,214</b>	1,744,848
Commissions and outside services	5	<b>583,429</b>	455,033
Others	5	<b>2,367,646</b>	1,499,408
		<b>P14,362,206</b>	P15,956,255

Accrued administrative expenses pertain to salaries and other administrative expenses.

Accrued taxes pertain to expanded withholding tax, withholding tax, documentary stamp tax (DST) and gross receipt tax (GRT).

Accrued management and professional fees pertain to legal fees, audit fees and other external professional services availed by the Company.

Accrued interest pertains to interest expenses on notes payable.

The movements in the accrued interest are as follows:

	<b>2025</b>	<b>2024</b>
At January 1	<b>P2,028,930</b>	P1,524,719
Interest expense	<b>36,699,024</b>	37,215,159
Interest payment	<b>(37,557,869)</b>	(36,710,948)
At December 31	<b>P1,170,085</b>	P2,028,930

Others mainly include accrual on utilities and travel and transportation.

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#### 15. Notes Payable

This account consists of:

	<b>Note</b>	<b>2025</b>	<b>2024</b>
At beginning of year		<b>P510,316,500</b>	P510,874,263
Availments		<b>144,716,375</b>	126,793,767
Payments		<b>(259,953,043)</b>	(127,351,530)
At end of year	5	<b>P395,079,832</b>	P510,316,500

The table below shows the carrying amount of loans payable.

	<b>December 31, 2025</b>		
	<b>Interest Rate</b>	<b>Term (Days)</b>	<b>Carrying Amount</b>
Loans payable to:			
Related parties	7%	211 - 367	P331,192,608
Banks	6.95% - 8.75%	180 - 365	24,137,224
Individuals/corporate	7%	365	39,750,000
			<b>P395,079,832</b>
	<b>December 31, 2024</b>		
	<b>Interest Rate</b>	<b>Term (Days)</b>	<b>Carrying Amount</b>
Loans payable to:			
Related parties	7%	30 - 367	P347,468,886
Banks	8.50% - 9.00%	180 - 1,089	100,898,355
Individuals/corporate	7%	90 - 366	61,949,259
			<b>P510,316,500</b>

Interest rates on notes payable range from 6.95% to 8.75% and 7% to 9% in 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the notes payable to banks are secured by certain motorcycle financing receivables and other various types of receivables (see Note 9). Under the agreements with the bank creditors, the notes payables are subject to Deed of Assignment on summary list of loans receivables, with 50% to 85% loanable value, on a per availment basis.

## **16. Equity**

On July 24, 2025, the BOD and two-thirds (2/3) of stockholders approved the declaration of 0.79% stock dividends in the amount of P2.17 million to stockholders of record as at August 22, 2025 with distribution date not later than September 17, 2025. On the same date, the BOD also approved the declaration and payment of cash dividends amounting to P2.17 million.

On July 25, 2024, the BOD and two-thirds (2/3) of 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 two-thirds (2/3) of 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.

As at December 31, 2025 and 2024, the Company has 276.07 million and 273.90 million common shares issued and outstanding which are owned by 113 shareholders.

The movements in the number of issued shares and capital stock are as follows:

	2025		2024		2023	
	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	P273,900,122	271,961,630	P271,961,630	269,283,709	P269,283,709
Stock dividends	2,169,319	2,169,319	1,938,492	1,938,492	2,677,921	2,677,921
At December 31	276,069,441	P276,069,441	273,900,122	P273,900,122	271,961,630	P271,961,630

### 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 years ended December 31 follow:

	2025	2024	2023
Net income for the year	P10,316,857	P14,462,421	P12,923,549
Weighted average number of outstanding common shares (after impact of stock dividend)	276,069,441	273,900,122	271,961,630
Basic and diluted earnings per share	P0.04	P0.05	P0.05

### Retained Earnings

On April 2, 2025, the BOD and stockholders approved the appropriation of retained earnings amounting to P80 million for expansion of corporate office by purchasing office space within three (3) years.

## **17. Service Charges**

This account consists of the following:

	Note	2025	2024
Processing fees		P10,927,369	P7,818,023
Pre-termination fees		2,302,090	1,204,660
Others		8,641	8,945
	12	P13,238,100	P9,031,628

Processing fees refer to fees processing the loan application, including evaluating the borrower's creditworthiness, verifying employment and income, and other related administrative expenses that are charged regardless of whether the loan is approved.

Pre-termination fees refer to penalties charged to borrowers who repay loans before maturity.

Others pertain to the convenience fee charged by the Company.

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## 18. Miscellaneous Income and Expenses

### Miscellaneous Income

This account consists of the following:

	<i>Note</i>	<b>2025</b>	2024
Penalties		<b>P6,268,558</b>	P6,977,880
Unrealized gain on investment properties	10	<b>5,955,225</b>	4,447,700
Gain on investment properties	10	-	21,568,169
Others		<b>(3,551,652)</b>	12,156,969
	12	<b>P8,672,131</b>	P45,150,718

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Penalties refer to 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 mainly consist of (loss) gain on sale of property and equipment and repossessed assets (see Notes 9 and 11).

### Miscellaneous Expenses

This account consists of the following:

	<b>2025</b>	2024
Repairs and maintenance	<b>P5,250,852</b>	P13,598,277
Communication	<b>3,068,807</b>	2,539,117
Stationaries and supplies	<b>2,178,374</b>	2,504,148
Others	<b>8,484,500</b>	11,418,173
	<b>P18,982,533</b>	P30,059,715

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

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

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## 19. Income Taxes

The components of income tax expense are as follows:

	<i>Note</i>	<b>2025</b>	2024
<b>Recognized in Profit or Loss</b>			
Current		<b>P9,735,548</b>	P14,438,929
Deferred		<b>(5,310,742)</b>	(4,582,206)
	12	<b>P4,424,806</b>	P9,856,723
<b>Recognized in Other Comprehensive Income (OCI)</b>			
Deferred		<b>P751,142</b>	P460,514

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

	<b>2025</b>	2024
Income before income tax expense	<b>P14,741,663</b>	P24,319,144
Income tax expense at statutory income tax rate (25%)	<b>P3,685,416</b>	P6,079,786
Adjustments for:		
Interest income subjected to final tax	<b>(2,327)</b>	(4,748)
Impact of PFRS 16	<b>740,808</b>	3,780,385
Non-deductible interest expense	<b>909</b>	1,300
Effective income tax expense	<b>P4,424,806</b>	P9,856,723

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

	<b>2025</b>	2024
Deferred tax assets		
Allowance for credit losses	<b>P39,983,067</b>	P35,333,581
Allowance of repossessed assets write-down	<b>9,838,742</b>	9,268,326
Accrued expenses	<b>3,590,551</b>	3,989,064
Retirement expense	<b>3,360,518</b>	2,528,288
Impairment loss on investment properties	<b>484,283</b>	484,283
PFRS 16	<b>2,394,443</b>	1,248,513
	<b>59,651,604</b>	52,852,055
Deferred tax liabilities:		
Remeasurement gain on defined benefit obligation	<b>3,548,176</b>	2,797,033
Fair value increase in investment properties	<b>14,106,207</b>	12,617,401
	<b>17,654,383</b>	15,414,434
Deferred tax assets - net	<b>P41,997,221</b>	P37,437,621

Movements in deferred tax assets are as follows:

	<b>2025</b>	2024
Beginning of the year	<b>P37,437,621</b>	P41,559,313
Amounts charged to profit or loss	<b>5,310,742</b>	(4,582,206)
Amounts charged to OCI	<b>(751,142)</b>	460,514
End of the year	<b>P41,997,221</b>	P37,437,621

## 20. 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.

The following table shows reconciliation from the opening balances to the closing balances for net pension liability and its components.

	Retirement Liability		Fair Value of Plan Assets		Net Retirement Liability	
	2025	2024	2025	2024	2025	2024
Balance at January 1	<b>P17,326,085</b>	P17,524,485	<b>(P7,212,933)</b>	(P7,299,197)	<b>P10,113,152</b>	P10,225,288
<b>Included in Profit or Loss</b>						
Current service cost	<b>2,674,287</b>	2,454,463	-	-	<b>2,674,287</b>	2,454,463
Interest cost (income)	<b>1,053,426</b>	1,079,508	<b>(398,794)</b>	(440,934)	<b>654,632</b>	638,574
	<b>3,727,713</b>	3,533,971	<b>(398,794)</b>	(440,934)	<b>3,328,919</b>	3,093,037
<b>Included in OCI</b>						
Remeasurements losses (gains):						
Actuarial loss arising from:						
Return on plan assets, excluding interest income	-	-	<b>103,591</b>	244,844	<b>103,591</b>	244,844
Experience adjustment	<b>(2,348,849)</b>	(3,639,985)	-	-	<b>(2,348,849)</b>	(3,639,985)
Financial assumption	<b>(759,311)</b>	189,968	-	-	<b>(759,311)</b>	189,968
	<b>(3,108,160)</b>	(3,450,017)	<b>103,591</b>	244,844	<b>(3,004,569)</b>	(3,205,173)
<b>Others</b>						
Benefit paid	<b>(1,307,629)</b>	(282,354)	<b>1,307,629</b>	282,354	-	-
<b>Balance at December 31</b>	<b>P16,638,009</b>	P17,326,085	<b>(P6,200,507)</b>	(P7,212,933)	<b>P10,437,502</b>	P10,113,152

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

	2025	2024
Cash and cash equivalents	<b>P1,373,445</b>	P677,481
Financial assets at fair value through profit or loss - fixed income	<b>4,850,682</b>	6,507,591
Accrued other receivables	-	31,392
Withholding Tax Payable	<b>(6,602)</b>	(3,531)
Trust fee payable	<b>(17,018)</b>	-
	<b>P6,200,507</b>	P7,212,933

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

	2025	2024
Discount rate	<b>6.41%</b>	6.08%
Future salary increases	<b>5.00%</b>	5.00%
Average remaining working life (in years)	<b>23</b>	23

### 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:

	<b>Impact on Retirement Benefit Obligation</b>		
	<b>Change in Basis Points</b>	<b>Increase in Assumption</b>	<b>Decrease in Assumption</b>
<b>December 31, 2025</b>			
Discount rate	<b>100 basis points</b>	<b>(P2,033,625)</b>	<b>P2,456,970</b>
Salary growth rate	<b>100 basis points</b>	<b>2,467,425</b>	<b>(2,076,439)</b>
<b>December 31, 2024</b>			
Discount rate	100 basis points	(2,179,753)	2,641,030
Salary Growth Rate	100 basis points	P2,643,215	(P2,219,319)

There are no expected contributions to the plan for the year ending December 31, 2026.

### Maturity profile

<b>Year</b>	<b>Benefits</b>
1 - 5 years	P4,896,945
6 - 10 years	11,127,570
	<b>P16,024,515</b>

### Asset-Liability Matching (ALM)

The Company has no specific matching strategy for retirement. The Company is not required to pre-fund the future defined benefits payable under retirement plan before they become due. For this reason, the amount and timing of contributions depends on the Company's discretion. However, in the event a benefit claim arises, the Company will pay the obligation.

## **21. Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions. The Company's related parties include:

- key management personnel (KMP), close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family member;
- entities under common control.

The summary of significant transactions with the related parties is as follows:

		2025			
		Outstanding Balances			
Category/Transaction	Ref	Amount of Transaction	Due from Related Parties	Due to Related Parties (Note 13, 15)	Terms and Conditions
<i>Amalgamated Investment Bancorporation</i>					
Miscellaneous receivables	A	P181,521	P181,521	P -	Unsecured; interest-bearing; 1-year or less term
Notes payable	15, B	-	-	283,258,461	Unsecured; interest-bearing; 1-year or less term
Availments		89,000,000	-	-	
Settlements		97,841,714	-	-	
Accrued Interest Payable	B	1,078,676	-	1,078,676	
Interest expense	B	24,571,444	-	-	
<i>Entities under Common Control</i>					
<i>Motor Ace Philippines, Inc.</i>					
Loans Receivable	F	-	1,641,360	-	Unsecured; interest-bearing; 5-year term
Availments		-	-	-	
Settlements		1,603,934	-	-	
Miscellaneous receivables	A	-	328,078	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable - supplier	C	-	-	-	
Availments		-	-	-	
Settlements		8,661,616	-	-	
Accounts payable	13, E	-	-	2,249,181	Unsecured, noninterest-bearing, within 30 days
Availments		2,291,361	-	-	
Settlements		288,005	-	-	
<i>MAPI Lending Investors, Inc.</i>					
Miscellaneous receivables	A	-	1,477,772	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable	E	-	-	-	
Availments		1,230,180	-	-	
Settlements		1,316,723	-	-	
<i>HMW Lending Investors, Inc.</i>					
Loans Receivable	F	-	344,424	-	Unsecured; interest-bearing; 5-year term
Availments		-	-	-	
Settlements		688,848	-	-	
<i>Honda Motor World, Inc.</i>					
Loans receivable		-	-	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Miscellaneous receivables	A	-	177,714	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable - supplier	C	-	-	-	
Availments		858,723	-	-	
Settlements		1,702,013	-	-	
Accounts payable	E	-	-	-	
Availments		-	-	-	
Settlements		320,109	-	-	
<i>Pikeville Bancshares</i>					
Accrued expense	D	-	-	78,064	Unsecured; noninterest bearing
Professional fees	D	1,102,080	-	-	
<i>Cebu Maxi Management Corp.</i>					
Professional fees	D	500,000	-	-	
<i>MERG Realty Development Corp.</i>					
Miscellaneous receivables	A	-	18,057	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Notes payable	15, B	-	-	38,363,467	Unsecured; interest-bearing; 1-year or less term
Availments		1,909,251	-	-	
Settlements		-	-	-	
Interest expense	B	2,587,237	-	-	
<i>Dream Honda Inc.</i>					
Accounts payable - Supplier	C	-	-	-	
Availments		3,356	-	-	
Settlements		1,736,511	-	-	
<i>Directors and Other Stockholders</i>					
Notes payable	15, B	-	-	9,570,679	Unsecured; interest-bearing; 1-year or less term
Availments		2,753,231	-	-	
Settlements		12,097,047	-	-	
Interest expense	B	858,302	-	-	
<i>KMP</i>					
Short-term employee benefits	G	30,784,332	-	-	
<b>TOTAL</b>			<b>P4,168,926</b>	<b>P334,598,528</b>	

2024					
Outstanding Balances					
Category/Transaction	Note	Amount of Transaction	Due from Related Parties	Due to Related Parties (Notes 13, 15)	Terms and Conditions
<i>Amalgamated Investment Bancorporation</i>					
Miscellaneous receivables	A	P -	P181,521	P -	Unsecured; interest-bearing; 1-year or less term
Notes payable	15, B	-	-	292,100,175	Unsecured; interest-bearing; 1-year or less term
Availments		-	-	-	
Settlements		11,499,825	-	-	
Accrued Interest Payable	B	-	-	1,363,864	
Interest expense	B	20,915,252	-	-	
<i>Entities under Common Control</i>					
<i>Motor Ace Philippines, Inc.</i>					
Loans Receivable	F	-	3,245,294	-	Unsecured; interest-bearing; 5-year term
Availments		-	-	-	
Settlements		6,528,646	-	-	
Miscellaneous receivables	A	-	328,078	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable -Supplier	13, C	-	-	8,661,616	Unsecured, noninterest-bearing, within 30 days
Availments		96,667,399	-	-	
Settlements		102,857,593	-	-	
Accounts payable	13, E	-	-	245,825	Unsecured, noninterest-bearing, within 30 days
Availments		926,781	-	-	
Settlements		960,414	-	-	
<i>MAPI Lending Investors, Inc.</i>					
Miscellaneous receivables	A	-	1,477,772	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable	13, E	-	-	86,543	Unsecured, noninterest-bearing, within 30 days
Availments		11,284,043	-	-	
Settlements		11,275,979	-	-	
<i>HMW Lending Investors, Inc.</i>					
Loans Receivable	F	-	1,033,272	-	Unsecured; interest-bearing; 5-year term
Availments		-	-	-	
Settlements		688,848	-	-	
<i>Honda Motor World, Inc.</i>					
Loans receivable	A	-	-	-	
Availments		-	-	-	
Settlements		-	-	-	
Miscellaneous receivables	A	-	177,714	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Accounts payable - supplier	13, C	-	-	843,290	Unsecured, noninterest-bearing; within 30 days
Availments		30,895,718	-	-	
Settlements		37,639,220	-	-	
Accounts payable	13, E	-	-	320,109	Unsecured, noninterest-bearing, within 30 days
Availments		1,479,031	-	-	
Settlements		1,327,123	-	-	
<i>Pikeville Bancshares</i>					
Accrued expense	D	-	-	156,128	Unsecured; noninterest bearing; less than 1 year term
Professional fees	D	1,102,080	-	-	
<i>Cebu Maxi Management Corp.</i>					
Professional fees	D	500,000	-	-	
<i>MERG Realty Development Corp.</i>					
Miscellaneous receivables	A	-	18,057	-	Unsecured, interest-bearing; less than 1 year term
Availments		-	-	-	
Settlements		-	-	-	
Notes payable	15, B	-	-	36,454,216	Unsecured; interest-bearing; 1-year or less term
Availments		2,079,391	-	-	
Settlements		-	-	-	
Interest expense	B	2,446,342	-	-	
<i>Dream Honda Inc.</i>					
Accounts payable - Supplier	13, C	-	-	1,733,155	Unsecured; interest-bearing; 1-year or less term
Availments		6,825,432	-	-	
Settlements		5,092,277	-	-	
<i>Directors and Other Stockholders</i>					
Notes payable	15, B	-	-	18,914,495	Unsecured; interest-bearing; 1-year or less term
Availments		4,122,461	-	-	
Settlements		7,016,728	-	-	
Interest expense	B	1,246,559	-	-	
<i>KMP</i>					
Short-term employee benefits	G	13,790,643	-	-	
<b>TOTAL</b>			<b>P6,461,708</b>	<b>P360,879,416</b>	

A. This includes various receivables from Amalgamated Investment Bancorporation and other related parties under common control pertaining to availment of comprehensive insurance and other claims for reimbursement.

- B. As at December 31, 2025 and 2024, notes payable and accrued interest payable arising from borrowings from directors/stockholders amounted to P332.27 million and P348.83 million, respectively. Interest expense from these borrowings amounted to P28.01 million and P24.61 million in 2025 and 2024, respectively.
- C. Accounts payable represents billings for motorcycle units sold by the related parties that are financed by the Company.
- D. This represents the management consultancy availed by the Company.
- E. Various accounts payable from the trading partner represent the purchase of repossessed motorcycle spare parts and the switching of collections. These are generally payable within thirty (30) days.
- F. These represent car loan financing and business loans availed by the Company's trading partners.
- G. The compensation of KMP consists of short-term employee benefits such as salaries or management fees, bonuses and other non-monetary benefits.

All outstanding related party balances and transactions are generally settled in cash.

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## 22. 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 profit or loss and other comprehensive income (loss) incurred in 2025 and 2024 amounted to P0.03 million and P0.94 million, respectively.

Security deposits arising from these lease agreements amount to P4.65 million and P4.73 million as at December 31, 2025 and 2024, respectively (Note 11).

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

	<b>Note</b>	<b>2025</b>	<b>2024</b>
Less than one year	5	<b>P9,047,064</b>	P4,059,435
Between one and five years	5	<b>18,000,318</b>	1,042,105
		<b>P27,047,382</b>	P5,101,540

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

	<b>Note</b>	<b>2025</b>	2024
As at January 1		<b>P4,994,052</b>	P19,415,429
Additions		<b>30,302,964</b>	-
Interest expense	12	<b>240,237</b>	905,309
Payments		<b>(10,475,279)</b>	(15,326,686)
As at December 31		<b>P25,061,974</b>	P4,994,052

#### Right-of-use Assets

	<b>Note</b>	<b>2025</b>	2024
<b>Cost</b>			
Balance at beginning of year		<b>P25,654,065</b>	P44,518,105
Additions		<b>30,302,964</b>	-
Pre-terminated		-	(18,864,040)
<b>Balance at end of year</b>		<b>55,957,029</b>	25,654,065
<b>Accumulated Depreciation</b>			
Balance at beginning of year		<b>21,107,448</b>	27,986,296
Depreciation for the year	12	<b>9,847,681</b>	13,450,197
Pre-terminated		-	(20,329,045)
<b>Balance at end of year</b>		<b>30,955,129</b>	21,107,448
<b>Carrying Amount</b>		<b>P25,001,900</b>	P4,546,617

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 under 'Miscellaneous income' account in the statement of profit or loss and other comprehensive income (loss).

The following are the amounts recognized in the statement of profit of loss and other comprehensive income (loss):

	<b>2025</b>	2024
Depreciation expense of right-of-use assets	<b>P9,847,681</b>	P13,450,197
Interest expense on lease liability	<b>240,237</b>	905,309
Expenses relating to short-term lease included in occupancy costs	<b>25,492</b>	941,841
Gain on lease termination	-	(1,880,589)
	<b>P10,113,410</b>	P13,416,758

Amounts recognized in statement of cash flows:

	<b>2025</b>	2024
Payment of principal portion of lease liabilities	<b>P10,475,279</b>	P15,326,686
Payment of interest portion of lease liabilities	<b>240,237</b>	905,309
Payment for short-term lease	<b>25,492</b>	941,841
	<b>P10,741,008</b>	P17,173,836

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## 23. Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

### Adoption of Amendments to a Standard

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

- Lack of Exchangeability (Amendments to Philippine Accounting Standard (PAS) 21, *The Effects of Changes in Foreign Exchange Rates*)

The amendments clarify that a currency is exchangeable into another currency when a company is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

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

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

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

### 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.

### Financial Assets

The Company classifies its financial assets in the following measurement categories: (a) at fair value through profit or loss (FVTPL), (b) at fair value through other comprehensive income (FVOCI) and (c) 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 classified all its financial assets at amortized costs.

#### 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 (EIR) method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income. Impairment losses are presented as provision for credit losses in the statement of profit or loss and other comprehensive income (loss).

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

#### *Initial Recognition and Subsequent Measurement*

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

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

#### *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 judgments 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 noncredit impaired financial assets:

- Stage 1 is comprised of all nonimpaired 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 nonimpaired 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 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 EIR. 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, either over the next 12 months or over the remaining life 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 or over the remaining life.
- 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 EIR 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 2025 and 2024.

#### Write-off

Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the carrying amount. Any subsequent recoveries are accounted for as part of 'Miscellaneous income' account under the statement of profit or loss and other comprehensive income (loss).

### *Derecognition*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

### Financial Liabilities

#### *Initial Recognition and Subsequent Measurement*

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 EIR method.

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). They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as noncurrent liabilities.

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

### *Derecognition*

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

### Offsetting of Financial Instruments

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

### 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 Instruments*

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.

#### *Nonfinancial Instruments*

The fair value of a nonfinancial 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).

#### Property and Equipment

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 a cost less accumulated depreciation 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.

#### Repossessed Assets

Repossessed assets primarily consist of foreclosed motor vehicles and considered as assets 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 remeasurement of the repossessed asset, the Company recognizes an impairment loss within other expense in the statement of profit or loss and other comprehensive income (loss) for any initial or subsequent write-down to fair value less cost to sell. Repossessed assets are not depreciated while it is classified as held for sale.

Repossessed assets 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 the statement of profit or loss and other comprehensive income (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.

#### 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 they have 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 of ending of construction or development.

#### Impairment of Nonfinancial Assets

The Company assesses at each end of the reporting period whether there is an indication that its nonfinancial 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. Nonfinancial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

#### Equity

The Company's equity consists of its capital stock, additional paid-in capital, retained earnings and remeasurement gain on retirement benefit obligation.

#### *Capital Stock and Additional Paid-in Capital*

Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account in the statement of financial position. Direct costs incurred related to equity issuance such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account. If the additional paid-in capital is not sufficient, the excess is charged against retained earnings.

### *Retained Earnings*

Retained earnings represent accumulated earnings of the Company less dividends declared, if any.

Appropriated retained earnings represent the Company's accumulated earnings which are not available for distribution to shareholders as dividends since it is appropriated for expansion of corporate office by purchasing office space.

### *Remeasurement Gains on Retirement Benefit Obligation*

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period which they arise. Remeasurements are not reclassified to profit or loss in subsequent years.

### *Earnings per Share (EPS)*

Basic EPS is calculated by dividing net income for the year attributable to the common shareholders 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.

### Revenue Recognition

Revenue is measured based on the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (transaction price). The Company recognized revenue when it transfers control over a good or service to a customer.

### *Determining Whether the Company is Acting as Principal or an Agent*

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

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

The Company has determined it is acting as principal relative to 'Interest income' and 'Service charges' under 'Other income' in the statement of profit or loss and other comprehensive income (loss).

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

### *Interest Income*

Interest income is recognized in the statement of profit or loss and other comprehensive income (loss) for all interest-bearing financial instrument using the EIR method. The EIR method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The EIR 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 EIR, 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 EIR, transaction costs and all other premiums or discounts.

The calculation of the EIR includes transaction costs and fees and points paid or received that are an integral part of the EIR. Transaction costs include incremental costs that are directly attributable to the acquisition of a financial asset.

#### *Amortized Cost and Gross Carrying Amount*

The “amortized cost” of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method or any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss or impairment allowance.

The “gross carrying amount of a financial asset” is the amortized cost of a financial asset before adjustment for any expected credit loss allowance.

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 EIR is applied to the gross carrying amount less the allowance for ECL.

#### *Calculation of Interest Income and Expense*

The EIR of a financial asset is calculated on initial recognition of a financial asset. In calculating interest income, the EIR is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). The EIR is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the EIR to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted EIR to the amortized cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

#### *Service Charges*

Service charges that are integral to the EIR of a financial asset are included in the measurement of the EIR.

A contract with a customer that results in a recognized financial instrument in the Company’s financial statements may be partially in the scope of PFRS 9, *Financial Instruments* and partially in the scope of PFRS 15. If this is the case, then the Company first applies PFRS 9 to separate and measure the part of the contract that is in the scope of PFRS 9 and then applies PFRS 15 to the residual.

Service charge is recognized in profit or loss at point in time when the Company provides the services to the customers.

### Expense Recognition

Expense is recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

### *Interest Expense*

Interest expense for all interest-bearing financial liabilities is recognized under 'Interest expense' account in the statement of profit or loss and other comprehensive income (loss) using the EIR of the financial liabilities to which they relate to.

### *Taxes and Licenses*

Taxes and licenses represent the Company's statutory expenses due to the regulatory authorities. These are charged to profit or loss when incurred.

### Employee Benefits

#### *Short term Benefits*

The Company recognizes a liability net of amounts already paid and an expense for service rendered by employees during the accounting period that are expected to be settled wholly before twelve (12) months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the relative service is provided.

#### *Retirement Benefits*

The net benefit liability or asset is the aggregate of the present value of the benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net benefit asset to the asset ceiling. 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 plan.

The cost of providing benefits is actuarially determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

Benefit costs comprise the following:

- service cost
- net interest on the benefit liability or asset
- remeasurements of net benefit liability or asset

Service costs, which include current service costs, past service costs and gains or losses on nonroutine settlements are recognized as expense in the statement of profit or loss and other comprehensive income (loss). Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net benefit liability or asset is the change during the period in the net benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net benefit liability or asset. Net interest on the net benefit liability asset is recognized as expense or income in the statement of profit or loss and other comprehensive income (loss).

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not classified to profit or loss in subsequent periods.

The Company's right to be reimbursed of some or all of the expenditure required to settle a benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

## Leases

### *The Company as a Lessee*

The Company considers whether a contract is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's IBR. Generally, the Company uses its IBR discount rate.

The Company determines its IBR by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Extension and Termination Options and Pre-Termination*

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.

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.

#### *Short-term Leases*

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Income Taxes

Income taxes comprise current and deferred taxes. Income taxes are determined in accordance with Philippine laws. Income taxes are recognized in the statement of profit or loss and other comprehensive income (loss) except to the extent that they relate to items recognized directly in equity, in which case they are recognized respectively therein.

#### *Current Income Tax*

Current income tax is the expected tax payable on the taxable income for the year using the tax rates enacted at the reporting date, which reflects uncertainty related to income taxes, if any.

### *Deferred Income Tax*

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it 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.

The carrying amount of deferred tax assets and liabilities are measured at the tax rates that are applicable 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 reporting date.

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

### Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

### Contingencies

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

### Events After the Reporting Date

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

### New Standard and Amendments to Standards Issued but Not Yet Adopted

A new standard and amendments to standards are effective for annual periods beginning after January 1, 2025. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Except as otherwise indicated, none of these are expected to have a significant impact on the Company's financial statements.

#### *Effective January 1, 2026*

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7, Financial Instruments: Disclosures).*

The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

*Date of Recognition and Derecognition.* The amendments clarified that:

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

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

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

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

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

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

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

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

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

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

The Company is still in the process of assessing the impact of the amendments, particularly with respect to the clarification on date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features and disclosures on investments in equity instruments.

Effective January 1, 2027

▪ *PFRS 18, Presentation and Disclosure in Financial Statements*

This standard will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

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

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

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

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

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

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of income, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labeled as 'other'.

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#### **24. Prior Period Reclassifications**

In 2025, the Company identified certain presentation misclassifications in the statements of cash flows for the years ended December 31, 2024 and 2023. Accordingly, the comparative information has been reclassified to conform with the current year presentation.

Specifically:

- Cash flows from the sale of investment properties amounting to P80,776,021 were previously presented under operating activities but should have been classified under investing activities.
- Gains on the sale of investment properties amounting to P21,568,169 were not presented as adjustments to income before income tax within operating activities.
- Interest payments on notes payable were not separately presented within operating activities, as required by PAS 7.

The effects of these reclassifications on the statements of cash flows for the years ended December 31, 2024 and 2023 are summarized below.

Summary of Quantitative Impact

December 31, 2024	As Previously Reported	Effect of Reclassifications	As Reclassified
Statement of Cash Flows			
Adjustments for Income Before Income Tax Expense			
Gain from sale of investment properties	P -	(P21,568,169)	(P21,568,169)
Changes in:			
Accrued expenses	(5,567,567)	36,710,948	31,143,381
Interest paid	-	(36,710,948)	(36,710,948)
Net cash flows used in operating activities	(40,341,995)	(21,568,169)	(61,910,164)
Acquisitions of:			
Investment properties	59,096,277	(59,207,852)	(111,575)
Proceeds from disposal of:			
Investment properties	-	80,776,021	80,776,021
Net cash provided by investing activities	54,141,050	21,568,169	75,709,219
<hr/>			
December 31, 2023	As Previously Reported	Effect of Reclassifications	As Reclassified
Statement of Cash Flows			
Cash generated from operating activities			
Interest paid	(P36,625,146)	P33,241,573	(P3,383,573)
Net cash flows used in operating activities	-	(33,241,573)	(33,241,573)
Net cash flows used in operating activities	(40,103,305)	-	(40,103,305)

These reclassifications have no material effect on the Company's income tax computation nor on the statements of financial position, statements of profit or loss and other comprehensive income (loss), and statements of changes in equity as at and for the years ended December 31, 2024 and 2023.

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**25. Other Matter**

The ongoing conflict and instability in parts of the Middle East, which started in February 2026, have introduced uncertainty and may indirectly affect the Company's financial results through disruptions in global supply chains, volatility in global financial markets (including equity, foreign exchange, and interest rate markets), inflationary pressures across industries, and broader economic uncertainty.

Although these developments have not had a material impact on Company's business to date, their scale and duration remain uncertain. Accordingly, it is not possible to estimate the potential impact in the near or long term. The Company will continue to monitor these developments.

**26. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010 and RR No. 34-2020 of the Bureau of Internal Revenue (BIR)**

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards.

The following is the information required for the taxable year ended December 31, 2025:

**Based on RR No. 15-2010**

**A. Value Added Tax**

The Company is registered as a percentage taxpayer.

**B. Withholding Taxes**

	<b>Amount</b>
Expanded withholding tax	<b>P6,857,686</b>
Withholding tax on compensation	<b>2,356,719</b>
Final withholding tax	<b>46,491</b>
	<b>P9,260,896</b>

Outstanding amounts of withholding taxes are included in 'Accrued expenses' in the statement of financial position.

**C. Taxes and Licenses**

Taxes and licenses, local and national, including licenses and permits and fees for 2025 are reported in 'Taxes and licenses' in the statement of profit or loss and other comprehensive income (loss). Portion of DST was capitalized under notes payable.

	<b>Amount</b>
GRT	<b>P9,668,953</b>
DST	<b>1,528,313</b>
DST on stock dividends	<b>21,693</b>
License and permit fees	<b>1,072,991</b>
	<b>P12,291,950</b>

**D. Tax Assessments and Cases**

There are no outstanding tax assessment and/or tax cases under preliminary investigation, litigation and/or prosecution as at December 31, 2025.

As of December 31, 2025, the BIR has issued a suspension of all ongoing field audits such as Letter of Authority and Memorandum Order issuance, examination and verification of taxpayer's books of accounts, records and other related transactions under Revenue Memorandum Circular No. 107-2025.

**Based on RR No. 34-2020**

In relation to Section 4 of BIR RR No. 34-2020, the Company is not covered by the prescribed requirements and procedures for the submission of BIR Form No. 1709, *Information Return on Related Party Transactions, Transfer Pricing Documentation* and other supporting documents.

## EXHIBIT I

### RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

#### MAKATI FINANCE CORPORATION

3rd Floor Mazda Makati Building, 2301 Chino Roces Avenue  
Barangay Magallanes, Makati City

<b>Unappropriated Retained Earnings, beginning of the reporting period</b>		<b>P114,238,331</b>
<b>Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	4,338,726	
Retained Earnings appropriated during the reporting period	80,000,000	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	<b>(84,338,726)</b>
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>29,899,605</b>
<b>Add/Less: Net Income (loss) for the current year</b>		<b>10,316,857</b>
<b>Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	(4,466,419)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
<b>Sub-total</b>		<b>(4,466,419)</b>

Forward

<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>	
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Realized fair value gain of Investment Property	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-
Sub-total	P -
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</b>	
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-
Reversal of previously recorded fair value gain of Investment Property	-
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-
Sub-total	-
<b>Adjusted Net Income/Loss</b>	<b>5,850,438</b>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>	
Depreciation on revaluation increment (after tax)	-
Sub-total	-

Forward

<b>Add/Less: Category E: Adjustment related to relief granted by the SEC and BSP</b>	
Amortization of the effect of reporting relief	P -
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	<b>P -</b>
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividend distribution</b>	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(6,048,406)
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature)	-
Sub-total	<b>(6,048,406)</b>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>	<b>P29,701,637</b>

## EXHIBIT II

### SCHEDULE SHOWING FINANCIAL SOUNDNESS PURSUANT TO SRC RULE 68, AS AMENDED DECEMBER 31, 2025

	2025	2024
<b>SOLVENCY AND LIQUIDITY RATIOS</b>		
Current ratio	151.05%	122.28%
Debt to equity ratio	75.34%	94.88%
Quick ratio	126.43%	101.60%
<b>PROFITABILITY RATIOS</b>		
Return on assets	0.94%	1.26%
Return on equity	1.74%	2.50%
Net profit margin	6.35%	7.24%
<b>ASSET TO EQUITY RATIO</b>	175.34%	194.88%
<b>INTEREST RATE COVERAGE RATIO</b>	1.40	1.64

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/Average Total Assets
- Return on Equity = Net Income After Tax/Average Total Equity
- Net Profit Margin = Net Income After Tax/Total Income
- Asset to Equity Ratio = Total Assets/Total Equity
- Interest Rate Coverage Ratio = Earnings Before Interest and Taxes/Interest Expense

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**EXHIBIT III**

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**SUPPLEMENTARY SCHEDULES UNDER ANNEX 68-F  
PURSUANT TO SRC RULE 68, AS AMENDED  
DECEMBER 31, 2025**

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	<b>2025</b>	<b>2024</b>
<b>Ratio or percentage of total real estate investments to total assets</b>	<b>10.01%</b>	8.63%
<b>Total receivables to total assets</b>	<b>70.11%</b>	75.03%
<b>Total DOSRI receivables to net worth</b>	<b>0.42%</b>	0.58%
Amount of receivables from a single corporation to total receivables:		
Amalgamated Investment Bancorporation (AIB)	<b>0.03%</b>	0.02%
Motor Ace Philippines, Inc. (MAPI)	<b>0.04%</b>	0.04%
Honda Motor World, Inc. (HMWI)	<b>0.02%</b>	0.02%
MAPI Lending Investors, Inc. (MAPILI)	<b>0.20%</b>	0.17%
HMW Lending Investors, Inc. (HMWLI)	<b>0.05%</b>	0.14%

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**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
Web hosting upgrade	23,187	-	23,187	-	-	-
Central Device Encryption - 10Users @ 2780.00	1,881	-	1,881	-	-	-
Sophos Central Intercept X Advanced with EDR	65,450	-	65,450	-	-	-
Sophos Central Intercept X Advanced for Server	1,572	-	1,572	-	-	-
20PCS GV 25 Tracking Device	24,200	-	17,600	-	-	6,600
71 units for dual network sim for GPS trucking	2	-	1	-	-	1
Hostgator, webhosting, web backup/security - makatifinance.ph	1	-	1	-	-	-
QNE Maintenance	12,667	-	12,667	-	-	-
Supply and Delivery of SOPHOS Antivirus Renewal	217,750	-	134,000	-	-	83,750
GPS Installation warehouse truck	1	-	-	-	-	1
Renewal of Makatifinance.ph domain	2,853	-	2,851	-	-	2
16 pcs. Microsoft Office Software 2021	100,800	-	33,600	-	-	67,200
Sophos XGS 2100 Xstream + Email and Web Server - 3 years	690,667	-	198,963	-	-	491,704
SYNC Renewal	9,800	-	7,840	-	-	1,960
Renewal of Sitelock Essentials and Codeguard Basic	6,395	-	5,116	-	-	1,279
Google Workspace Monthly Renewal	20,429	-	13,006	-	-	7,423
Canva PRO Team Subscription	6,747	7,041	4,987	-	-	8,801

Forward

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deduction)	Ending balance
Hostgator.Com, LLC -Google Workspace	22,325	-	11,163	-	-	11,162
Sophos Antivirus Endpoint and Encryption Renewal	-	799,563	266,521	-	-	533,042
Zoom Workplace Pro	-	9,649	4,824	-	-	4,825
Web Hosting	-	53,724	26,862	-	-	26,862
9EM-00513 Win Server Standard Core	-	128,000	14,222	-	-	113,778
5pcs R18-01848 Win Server CAL	-	314,925	34,992	-	-	279,933
Sync.Com (Pro Teams Advances)	-	32,130	2,677	-	-	29,453
<b>TOTAL</b>	<b>1,206,727</b>	<b>1,345,032</b>	<b>883,983</b>	<b>-</b>	<b>-</b>	<b>1,667,776</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	78,458,331	78,458,331	-	78,458,331	-	-
COMMON	72,971,032	72,971,032	-	72,971,032	-	-
COMMON	58,057,835	58,057,835	-	58,057,835	-	-
COMMON	10,268,795	10,268,795	-	-	-	10,268,795
COMMON	9,762,345	9,762,345	-	9,762,345	-	-
COMMON	9,134,648	9,134,648	-	-	9,134,648	-
COMMON	7,699,205	7,699,205	-	-	-	7,699,205
COMMON	6,910,055	6,910,055	-	-	-	6,910,055
COMMON	6,579,102	6,579,102	-	-	-	6,579,102
COMMON	6,316,234	6,316,234	-	-	-	6,316,234
COMMON	2,781,027	2,781,027	-	-	2,781,027	-
COMMON	1,051,214	1,051,214	-	-	-	1,051,214
COMMON	819,743	819,743	-	-	-	819,743
COMMON	558,140	558,140	-	-	-	558,140
COMMON	536,933	536,933	-	-	-	536,933
COMMON	477,024	477,024	-	477,024	-	-
COMMON	328,915	328,915	-	-	-	328,915
COMMON	328,915	328,915	-	-	-	328,915

Forward

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	328,915	328,915	-	-	-	328,915
COMMON	328,915	328,915	-	-	-	328,915
COMMON	328,915	328,915	-	-	-	328,915
COMMON	328,915	328,915	-	-	-	328,915
COMMON	328,915	328,915	-	-	-	328,915
COMMON	315,778	315,778	-	-	-	315,778
COMMON	198,603	198,603	-	-	-	198,603
COMMON	115,412	115,412	-	-	38,469	76,943
COMMON	63,709	63,709	-	-	-	63,709
COMMON	39,997	39,997	-	-	-	39,997
COMMON	37,315	37,315	-	-	-	37,315
COMMON	36,026	36,026	-	-	-	36,026
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399

Forward

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	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,399	27,399	-	-	-	27,399
COMMON	27,398	27,398	-	-	-	27,398
COMMON	25,946	25,946	-	-	8,645	17,301
COMMON	25,514	25,514	-	-	-	25,514
COMMON	22,188	22,188	-	-	-	22,188
COMMON	20,967	20,967	-	-	-	20,967
COMMON	19,587	19,587	-	-	-	19,587
COMMON	19,013	19,013	-	-	-	19,013
COMMON	17,821	17,821	-	-	-	17,821
COMMON	10,884	10,884	-	-	-	10,884
COMMON	9,304	9,304	-	-	-	9,304
COMMON	7,933	7,933	-	-	-	7,933
COMMON	7,895	7,895	-	-	-	7,895
COMMON	7,807	7,807	-	-	-	7,807
COMMON	6,091	6,091	-	-	-	6,091
COMMON	3,013	3,013	-	-	-	3,013
COMMON	2,588	2,588	-	-	-	2,588

Forward

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	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	2588	-
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,588	2,588	-	-	-	2,588
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587

Forward

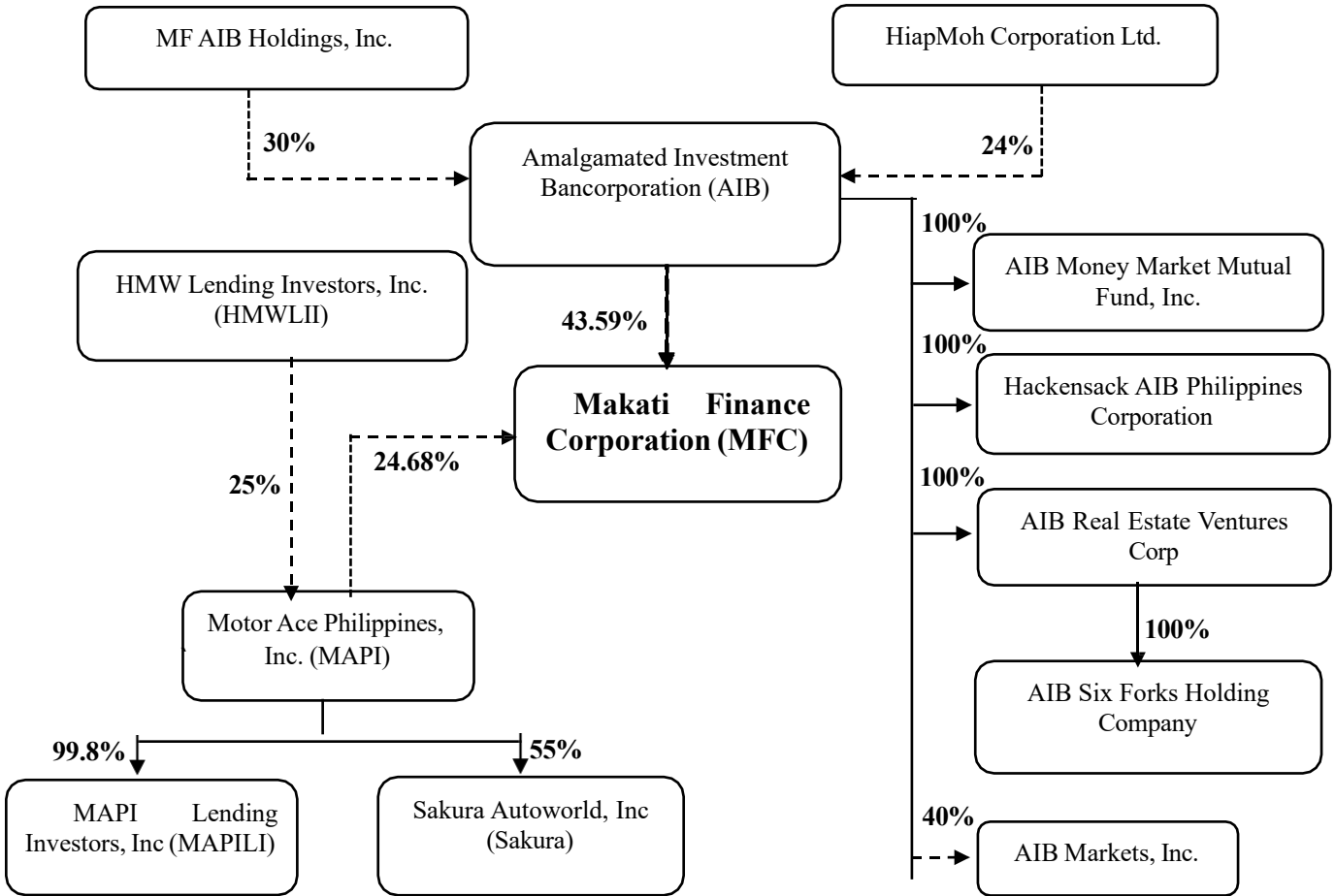
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	2587	-
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,586	2,586	-	-	2586	-
COMMON	1,652	1,652	-	-	-	1,652
COMMON	1,434	1,434	-	-	-	1,434
COMMON	1,231	1,231	-	-	-	1,231
COMMON	1,072	1,072	-	-	-	1,072
COMMON	816	816	-	-	-	816
COMMON	554	554	-	-	-	554
COMMON	425	425	-	-	-	425
COMMON	292	292	-	-	-	292
COMMON	226	226	-	-	-	226
COMMON	115	115	-	-	-	115
COMMON	115	115	-	-	-	115
COMMON	115	115	-	-	-	115
COMMON	115	115	-	-	-	115
COMMON	73	73	-	-	-	73

Forward

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	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	-
COMMON	1	1	-	-	1	-
COMMON	1	1	-	-	1	-
COMMON	1	1	-	-	1	-
COMMON	1	1	-	-	1	-
COMMON	1	1	-	-	1	-
<b>TOTAL</b>	<b>276,069,441</b>	<b>276,069,441</b>	<b>100%</b>	<b>219,726,567</b>	<b>11,970,557</b>	<b>44,372,317</b>

**EXHIBIT V  
MAKATI FINANCE CORPORATION**

**MAP OF THE GROUP OF COMPANIES WITHIN WHICH MAKATI FINANCE CORPORATION BELONGS AT DECEMBER 31, 2025**



**Legend:**

- - - - Associate
- Subsidiary
- - - With stock ownership

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

**SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR**  
**FEE-RELATED INFORMATION**  
**December 31, 2025**

	2025	2024
<b>Total Audit Fees (Section 2.1a)<sup>1</sup></b>	<b>P675,000</b>	<b>P450,000</b>
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Non-audit Fees (Section 2.1b)<sup>2</sup></b>	<b>-</b>	<b>-</b>
<b>Total Audit and Non-audit Fees</b>	<b>P675,000</b>	<b>P450,000</b>

**Audit and Non-audit Fees of Other Related Entities (Section 2.1c)<sup>3</sup>**

	2025	2024
<b>Audit Fees</b>	<b>P -</b>	<b>P -</b>
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Audit and Non-audit Fees of Other Related Entities</b>	<b>P -</b>	<b>P -</b>

The Company's fees for the audit of the annual financial statements and the other services rendered are based on a fixed fee arrangement and recorded under 'Management and professional fees' in the statement of profit or loss and other comprehensive income (loss).

The Company's policy allows R.G. Manabat & Co. to provide assurance and other audit-related services that, while outside the scope of the statutory audit, are consistent with the role of an external auditor. These include regulatory and prudential reviews requested by regulators. Any other services that are not audit or audit-related services are non-audit services.

<sup>1</sup> Disclosure of the agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network (as applicable) for the audit of the covered company's stand-alone and/or consolidated financial statements and the covered company's consolidated subsidiaries' financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.

<sup>2</sup> Disclosure of charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company and its related entities over which the covered company has direct or indirect control that are consolidated in the financial statements on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.

<sup>3</sup> Disclosure of fees for services (excluding out of pocket expenses and VAT) charged to any related entities of the covered company over which the covered company has direct or indirect control, which are not yet disclosed in (a) or (b), such as fees for services to any unconsolidated subsidiaries that meet the consolidation exemption criteria of Philippines Financial Reporting Standard (PFRS) 10 applicable to investment entities, if the external auditor/audit firm has reason to believe that these are relevant to the evaluation of the external auditor/audit firm's independence, as communicated by the external auditor/audit firm with the covered company's Those Charged with Governance or equivalent (e.g., Audit Committee).

The Company's policy allows certain non-audit services to be provided where the service would not contravene auditor independence requirements. R.G. Manabat & Co. may not provide services that are perceived to be in conflict with the role of an external auditor or breach auditor independence. These include consulting advice and subcontracting of operational activities normally undertaken by management and engagements where the external auditor may ultimately be required to express an opinion on its own work.