

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

CHARITO S. ESPIRITU

Contact Person

(02) 7751-8132

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

2026

DEFINITIVE INFORMATION STATEMENT

SEC Form 20 - IS

FORM TYPE

0	7
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Month

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Day

Annual Meeting

Every last
Thursday of July

Financing

Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

113

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

STAMPS

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MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

June 30, 2026

SECURITIES AND EXCHANGE COMMISSION

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

Attention: **MR. OLIVER O. LEONARDO**
Director, Markets and Securities Regulation Department

THE PHILIPPINES STOCK EXCHANGE, INC.

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

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

Gentlemen:

We are sending herewith a copy of Makati Finance Corporation SEC FORM 20-IS Definitive Information Statement in relation to Annual Stockholder's Meeting to be held on July 30, 2026 via remote communication.

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

Very truly yours,

MAKATI FINANCE CORPORATION
Registrant

By:

CHARITO S. ESPIRITU
Chief Finance Officer/Compliance Officer



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

NOTICE OF THE 2026 ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS
MAKATI FINANCE CORPORATION

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting of Makati Finance Corporation, will be held on 30 July 2026, Thursday, 11:30 a.m. through remote communication, with the following agenda:



1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 24 July 2025
4. Presentation and Approval of the 2025 Annual Report and 2025 Audited Financial Statements
5. Ratification of acts, contracts, investments and resolutions of the Board of Directors and Management since the last Annual Stockholders' Meeting
6. Declaration of Cash /Stock Dividends
7. Election of Directors
8. Ratification of Change in Independent External Auditor for Fiscal Year 2025 and Appointment of Independent External Auditor for 2026
9. Other Matters
10. Adjournment

The record date for stockholders entitled to notice of and vote at the said meeting is 2 July 2026. Stockholders may attend through remote communication by registering at <https://sh.makatifinance.ph> between 3 July 2026 to 23 July 2026. Any instrument authorizing a proxy to act as such shall be uploaded and submitted as part of the registration process. In addition, Corporate Shareholders are required to upload and submit the corresponding duly notarized Board Resolution designating their proxy. The guidelines for attendance and participation through remote communication shall be made available to registered qualified stockholders.

Validation of proxies shall be on 24 July 2026, Friday, at 10:30 a.m. **WE ARE NOT SOLICITING PROXIES.** Electronic copies of the Information Statement, SEC Form 17-A, 2025 Annual Report and other pertinent documents, as may be necessary under the circumstances, shall be available at the Corporation's website and/or PSE Edge.

2 July 2026.

ATTY. D. ENRIQUE O. CO
Corporate Secretary

PROXY

The undersigned stockholder of MAKATI FINANCE CORPORATION (the “Corporation”) hereby constitutes and appoints _____ as proxy to represent and vote **all shares of stock** registered in the name of the undersigned stockholder in the books of the Corporation at all meetings (annual or special) of the stockholders of the Corporation, including that to be held on **30 July 2026, Thursday, 11:30 a.m.** and at any postponement or adjournment thereof; provided that, in the absence of the Proxy, the Chairman of the meeting is hereby appointed as the Proxy. The Proxy is authorized to vote on all matters which may be taken up by the stockholders during the meeting(s). This proxy shall be valid for all other stockholders’ meetings, whether annual or special, held within a period of five (5) years from the date indicated below, unless sooner revoked or superseded by the undersigned.

Date

NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER
OR CORPORATE SIGNATORY

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



1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

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

3. MAKATI CITY, PHILIPPINES
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number 28788

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

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

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

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

Date : **July 30, 2026**
Time : **11:30 a.m.**
Place : **via remote communication**

Link of Notice of Annual Stockholders' Meeting:

9. Approximate date on which the Information Statement is first to be sent or given to security holders July 09, 2026.

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

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
<u>COMMON STOCK</u>	<u>276,069,441</u>

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

Yes / No

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

PART 1. INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

The Annual Stockholders' Meeting ("ASM") of MAKATI FINANCE CORPORATION, (the "Company", the "Corporation", or "MFIN") will be held on **July 30, 2026, 11:30 a.m. via remote communication (Zoom)**. The complete mailing address of MFIN is: **3/F Mazda Makati Bldg, 2301 Chino Roces Ave. Brgy. Magallanes, Makati City, Philippines**. The approximate date on which the Information Statement is first to be sent or given shall be made available to the stockholders and/or security holders not later than **09 July 2026**.

Item 2. DISSENTERS' RIGHT OF APPRAISAL

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

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

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Total number of common shares outstanding as of **May 31, 2026** is **276,069,441** with a par value of P1 per share. Pursuant to Article III, Section 4 of the Company's Amended By-Laws, every stockholder shall be entitled to one (1) vote for each share of the stock standing in his name in the books of the Company on the Record Date as fixed by the Board of Directors.

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

Stockholders of record of the Company as of **July 2, 2026** ("the Record Date") shall be entitled to notice of, and to vote at, the Annual Stockholders' Meeting.

SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS (MORE THAN 5% AS OF MAY 31, 2026)

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

Title of class	Name, address of record owner and relationship	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares	Percent Held
Common	Amalgamated Investment Bancorporation 11F Multinational Bancorporation, 6805 Ayala Avenue, Makati City	Record and beneficial owner	Filipino	* 119,999,040	43.47%
Common	Motor Ace Philippines, Inc. MC Briones St. Hi-way Magukay, Mandaue City	Record and beneficial owner	Filipino	* 68,627,601	24.86%
	TOTAL			188,626,641	68.33%

* Note: Including shares lodged to PCD Nominee

**SECURITY OWNERSHIP OF DIRECTORS AND OFFICERS WITH DIRECT OWNERSHIP
As of May 31, 2026**

Common	Robert Charles M. Lehmann ██ ██ ██ ██	Beneficial owner	Filipino	1	0.00%
Common	Max O. Borromeo ██ ██ ██	Beneficial owner	Filipino	47,123	0.02%
Common	Joel S. Ferrer ██ ██ ██	Beneficial owner	Filipino	2,781,027	1.01%
Common	Maxcy Francisco Jose R. Borromeo ██ ██ ██ City	Beneficial owner	Filipino	2,586	0.00%
Common	Jose Daniel R. Borromeo ██ ██	Beneficial owner	Filipino	2,588	0.00%
Common	Alan Michael R. Cruz ██ ██ ██	Beneficial owner	Filipino	1	0.00%
Common	Cristino L. Panlilio ██ ██ ██ City	Beneficial owner	Filipino	1	0.00%
Common	Vincent Ee ██ ██ ██	Beneficial owner	Singaporean	1	0.00%
Common	Irineo A. Cases, Jr. ██ ██ ██ City	Beneficial owner	Filipino	1	0.00%
Common	Asterio L. Favis, Jr. ██ ██ ██ ██	Beneficial owner	Filipino	1	0.00%
Common	Carmen Therese L. Benitez ██ ██ ██	Beneficial owner	Filipino	1	0.00%
All directors & officers as a group				2,930,121	1.03%

The representative of Amalgamated Investment Bancorporation entitled to vote is Mr. Robert Charles Lehmann. The representative of Motor Ace Philippines, Inc. entitled to vote is Mr. Maxcy Francisco Jose R. Borromeo. There are no directors and nominees owning more than 5% of the outstanding shares who are affected by any acquisition, business combination or other reorganization, and there are no other commitments with respect to issuance of shares.

No changes in control have occurred since the beginning of the last fiscal year.

NOMINATIONS TO THE BOARD

The nomination committee is composed of: Mr. Alan Michael R. Cruz, Chairman, Mr. Robert Charles M. Lehmann and Mr. Asterio L. Favis, Jr. as members. Pursuant to the Company's Corporate Governance Manual, the Nomination Committee has pre-screened and shortlisted all candidates to be nominated as members of the Board of Directors. The Nomination Committee has considered the guidelines set forth in the Manual. The nominated individuals to be elected during the Stockholders' Meeting, for the term 2026 to 2027, are as follows:

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

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

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

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

Mr. Robert Charles "Bob" M. Lehmann, 70, Filipino, is the Company's Chairman. He was elected as Director on October 20, 2017. He is currently the President and CEO of Amalgamated Investment Bancorporation (AIB). Mr. Lehmann also concurrently serves as a Trustee of the Philippine Eagle Foundation. He has over 28 years of experience in the commercial banking industry, having held various senior positions both locally and abroad. His last position was Executive Vice President of Security Bank. Prior to that, he served with Standard Chartered Bank in the region for many years, following several Philippine Country Manager positions with American and U.K. banks. He also served as President of the Investment House Association of the Philippines for over four years. He is a graduate of Ateneo High School and holds a Bachelor of Science degree in International Business and a Master's in Business Administration from the University of San Francisco.

Mr. Max Francisco Jose O. Borromeo, 77, Filipino, is the Company's Vice Chairman. He has been a Director of the Company since 2000. Aside from serving as a Director of the Company, Mr. Borromeo is currently a Director of the following companies: Honda Motor World, Inc., HMW Lending Investors, Dearborn Motors Co., Inc., Astron Gestus, Inc., Visayas Auto Ventures, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Salud Borromeo Foundation, Inc., and Amalgamated Investment Bancorporation. He graduated with a Bachelor of Arts degree in Economics from Ateneo de Manila University.

Mr. Joel S. Ferrer, 72, Filipino, is the Company's Treasurer. He has been a Director since 1998. Mr. Ferrer is currently Chairman and President of Parman Inc., an international staffing agency, Chairman of Grayline Realty and Development Corp., a real estate company, and Treasurer of BMG, a car dealership group. His other work experience includes serving as an investment executive at the Summa International Bank of Indonesia and a Lending Officer at the Bank of America. He obtained his Master's Degree in Business Management from the Asian Institute of Management and completed the Strategic Business Economics Program at the University of Asia and the Pacific.

Mr. Maxcy Francisco Jose R. Borromeo, 53, Filipino, is the President of Makati Finance Corporation. He joined the Company in 2014 and was elected Director in 2016. Outside of Makati Finance Corporation, he is also the President of HMW Lending Investors, Inc. and MAPI Lending Investors, Inc. He likewise serves as Director of Honda Motor World, Inc., Motor Ace Philippines, Inc., Astron Gestus, Inc., Cebu Maxi Management Corporation, Maxi Agricultural Corporation, Borromeo Brothers Estate, Inc., and Mizukawa Motors Corporation. In addition, he is a member of the Board of Trustees of Salud Borromeo Foundation, Inc. He graduated with a Bachelor of Arts degree in Political Science from Ateneo de Manila University and obtained his Master's degree in Applied Finance, with a focus on banking, from the University of Wollongong, Australia.

Mr. Jose Daniel R. Borromeo, 54, Filipino, he was elected as Director last July 28, 2016. He is the President and General Manager of Honda Motor World, Inc., Motor Ace Philippines, Inc., and Dream Honda, Inc. He is also the Managing Director of Borromeo Brothers Estate, Inc., Margarita Agro Industrial Corp., Tolar Development Corp. and , MC Bros. Development Corp. He is the President of Astron Gestus, Inc., Sakura Autoworld Inc., Cebu Maxi Management Corp., and Maxi Agricultural Corporation. He's the Corporate Planning Officer of Dearborn Motors, Inc. He graduated in Business Management degree major in Marketing from Hampshire College, New Hampshire, USA and completed his MBA in the University of Wollongong, Wollongong, Australia.

Mr. James Gundry, 57, was born and raised in Scotland and educated at Fettes College. He started his career with a private client stockbroking firm in Edinburgh before relocating to Hong Kong in his mid-20s, where he worked with Michael Page specializing in banking back-office appointments. In 1996, he joined Robert Walters as Managing Director – Hong Kong and established its first office in Asia. In 1998, he established Quest, a specialist executive search firm in Hong Kong and later in Manila. In 2016, Quest Philippines entered into an agreement with Robert Walters and was subsequently rebranded as Robert Walters Philippines, where he currently serves as Non-Executive Chairman. Mr. Gundry was also a founder of Quest Research (now First Advantage Asia), which became one of Asia's largest pre-employment screening companies prior to its acquisition by First Advantage. He was likewise a founding shareholder of Integrascreen (now part of Thomson Reuters) and Dataflow, which was later acquired by EQT, where he continued to serve as an Independent Director on Dataflow's Board of Directors until its sale to a Dubai-based private equity firm in 2024. Since 2024, Mr. Gundry has served as both Independent Board Advisor and Independent Board Member of AIB.

Mr. Asterio L. Favis, Jr., 73, Filipino, was elected as Independent Director of Makati Finance Corporation on July 25, 2019. He is currently working as a consultant for the Ateneo- BAP Institute of Banking and is an Independent Director of Philippine Business Bank. Mr. Favis had been in the banking industry for about 30 years, holding various senior positions. His last position was as Executive Vice President (EVP) of Sterling Bank of Asia from April 2007 to December 2013, where he served as Head, Treasury Group for two years, OIC of the Consumer Lending Group for one year, and EVP/Office of the President for three years. He was EVP/Head, Treasury Division of Philippine National Bank from November 2002 to March 2007. He also served SVP/Head of the

Financial Markets Division at AB Capital & Investment Corporation from 1999 to 2002, and SVP/Head of the Treasury Division at Asian bank Corporation from 1990 to 1999. Prior to that, he was with PCI Bank from 1983 to 1990 as AVP/Head of Foreign Exchange for three years, VP/Head, Domestic Money Market for three years, and VP/Office of the President for one year. Mr Favis had also served as President of both the Money Market Association of the Philippines and the Foreign Exchange Association of the Philippines while in the industry. He graduated in 1976 from Ateneo de Manila University with a degree in B.S. Management Engineering (Cum Laude).

Mr. Cristino L. Panlilio, 75, Filipino, he was elected as Director of Makati Finance Corporation last July 29, 2021. Mr. Panlilio started his career as a banker for 20 years handling various senior positions in Far East Bank and PCI Bank. He later ventured into mining, chocolate manufacturing, sugar, water and food industries. Currently, he is the President and CEO of Balibago Waterworks System, Inc. (BWSI), and Chairman and President of Conglow Properties, Inc. He is also a Board Director of Amalgamated Investment Bancorporation since 2020. His first big step towards entrepreneurship was when he invested in Universal Food Corporation, a ketchup manufacturing company and served as its President in 1992 to 1997. In mid-1997, he received an offer to buy out BWSI, after studying the proposal, Mr. Panlilio, together with a group of investors, officially took over BWSI and became its President and CEO in 1997 to 2010 and from 2013 to present. He also served as Managing Director of Pampanga Sugar Development Company, Inc. in 1994 to 2010. He also handled several positions in Government from August 2010 to May 2013, as Undersecretary of the Department of Trade and Industry and Managing Director of Board of Investments. He earned his AB Economics (Honor Student) & Master in Business Administration (A-grade average) degrees from the Ateneo de Manila University in 1973 and 1981, respectively. He completed his Advance Management Program from Wharton School of Finance, Philadelphia USA in 1984.

Mr. Vincent Khoon Ann Ee, CFA, 53, Singaporean, was nominated for election as Director of Makati Finance Corporation. Mr. Ee started his career with HSBC Asset Management in London, Hong Kong, and New York, handling various positions from 1996 to 2000. He is currently the Head of Investments, Asia at Schroders Wealth Management, Singapore. He is also a member of the Investment Committee of the Community Foundation of Singapore since 2014 and has previously served on the investment committee of Raffles Institution as part of his pro bono activities. Prior to his current role, Mr. Ee served as Chief Investment Officer and Portfolio Manager of Foord Asset Management, Singapore from 2012 to 2014. He was also Fund Manager for Asia ex-Japan Equities at Morgan Stanley Investment Management, Singapore from 2009 to 2012. From 2007 to 2009, he served as Managing Director, Co-Founder, and CEO of Libra Capital Management. Earlier in his career, he worked with Goldman Sachs Asset Management, Singapore as Fund Manager for Asia ex-Japan Equities from 2000 to 2007. Mr. Ee earned his Bachelor of Science (Econs) degree in Accounting and Finance, with Second Class (Upper) Honours, from the London School of Economics and Political Science in 1996 and is a CFA Charterholder.

Mr. Irineo A. Cases, Jr., 50, Filipino, has been nominated for election as an Independent Director of Makati Finance Corporation. Mr. Cases expertise in overseeing and managing business operations is attributed to his experience working in multiple industries. From 2005 to 2011, he served as a Director of MT Link Asia, a medical transcription outsourcing company. Additionally, Mr. Cases currently holds several positions, including President of Consolacion Unicredit Corp., Vice President for Sales/Marketing of Metro Credit Finance Corp., President of Metrografix Inc., and Managing Director of Cebon Construction Services. He earned his Bachelor of Fine Arts – Major in Advertising from Far Eastern University.

Ms. Carmen Therese L. Benitez, a 26-year-old Filipino, was elected as the Director of Makati Finance Corporation on January 23, 2024. She currently works as a Backend Software Engineer at Stripe, Inc. in New York City, USA. Prior to joining Stripe, she served as a Technical Lead and Forward Deployed Software Engineer at Palantir Technologies, focusing on their work with various Life Sciences Companies. During her college years, Ms. Benitez excelled as a Software Engineering Intern at Bloomberg LP, contributing to the Bloomberg terminal. She also participated in the Student Training in Engineering Program (STEP) Internship at Google. Ms. Benitez holds a B.S. in Computer Science/Math, with a Concentration in Economics, High Distinction, from Harvey Mudd College. She possesses strong programming skills in Java, Python, C++, JavaScript, TypeScript, NodeJS, ReactJS, and Spark.

INDEPENDENT DIRECTORS

In accordance with SEC Memorandum Circular No. 5, Series of 2017, the Certifications of Independent Directors executed by the aforementioned candidates for Independent Directors of the Corporation are attached hereto as Annexes “B-1”, “B-2”, and “B-3”.

Among the Directors, Mr. Alan Michael R. Cruz, Mr. Asterio L. Favis, Jr., and Mr. Irineo A. Cases, Jr. were elected as the three (3) Independent Directors of the Corporation during the 2025 Annual Stockholders’ Meeting.

Mr. Alan Michael R. Cruz shall serve as Independent Director until the expiration of his term in July 2026. In view thereof, Mr. James Henry Gundry has been nominated for election as Independent Director at the 2026 Annual Stockholders’ Meeting scheduled on July 30, 2026.

SENIOR MANAGEMENT

Ms. Charito S. Espiritu, CPA, 58, Filipino, is the Chief Finance Officer of Makati Finance Corporation, having assumed the position on September 16, 2024. She is a seasoned finance executive with over 30 years of experience in finance, banking, and administration, including almost 20 years of service with Allied Banking Corporation, where she gained extensive experience in banking operations, financial management, and corporate administration. Prior to joining the Company, she held various finance and administrative leadership positions in the hospitality, real estate, investment, and construction industries. She earned her Bachelor of Science in Business Administration major in Accounting from the Philippine School of Business Administration in 1989 and later pursued her Master’s in Business Administration at the De La Salle University Graduate School of Business. Ms. Espiritu is a Certified Public Accountant (CPA).

Atty. Danilo Enrique O. Co, Corporate Secretary and Legal Counsel, 57, Filipino, has been serving the Corporation as its Corporate Secretary and Legal Counsel shortly after it went public in 2003. He is the Managing Partner of Co Ferrer & Co Law Offices, a full-service Philippine law firm specializing in corporate law. He is a Fellow at the Philippine Institute of Corporate Directors and a Founding Member of the Manila Angel Investors Network. He also serves as Director, Corporate Secretary, and/or Assistant Corporate Secretary of various Philippine corporations, including Advance Food Concepts Manufacturing Inc., Amalgamated Investment Bancorporation, Cuervo Appraisers Inc., Dearborn Motors Co., Inc., HealthBlocks Inc., Joy~Nostalg Foundation Inc., Maroon Studios Inc., Sakura Autoworld Inc., Santos Knight Frank Inc., Sleep Well Land Development Corporation, The Studio of Secret 6 Inc., and Western Roadhouse Foods Inc. Atty. Co obtained his Bachelor of Science in Business Administration (cum laude) and Juris Doctor from the University of the Philippines.

Mr. Roberto C. Benares, *Board Adviser*, a 73-year-old Filipino, was appointed as Board Adviser of Makati Finance Corporation on October 25, 2022. He is currently an Independent Director of COL Financial Group, Inc. since 2021 and Vice Chairman of Bank of Commerce (Philippines) since 2025. In addition, he also serves as Chairman of the Execute Committee and Information Technology Steering Committee of the bank and is likewise a member of the Underwriting Committee. Prior to this, Mr. Benares served as Managing Director of Maybank ATR Kim Eng Capital Partners, Inc. He began his banking career as Assistant Treasurer at Bancom Development Corporation and later became Vice President of Account Management at United Coconut Planters Bank. He also held various executive positions, including Managing Director at Asian Alliance, Executive Vice President at Insular Investment & Trust Corporation, and Vice President at Philamlife. Mr. Benares earned his Bachelor of Science degree in Mechanical Engineering from De La Salle University and his Master's Degree in Business Management from the Asian Institute of Management.

CERTIFICATION

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

FAMILY RELATIONSHIP

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

INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

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

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS – NOTE 21

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

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

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

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	-	-	
TOTAL			P4,168,926	P334,598,528	

Category/Transaction	Note	Outstanding Balances			Terms and Conditions
		Amount of Transaction	Due from Related Parties	Due to Related Parties (Notes 13, 15)	
<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>MAPJ 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	-	-	
TOTAL			P6,461,708	P360,879,416	

- 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.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

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

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE				
YEAR	NAME AND PRINCIPAL POSITION	SALARY/ MANAGEMENT FEE	BONUS	OTHER COMPENSATION
2026 (Estimate)	Top 5 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Charito S. Espiritu – Chief Finance Officer Jonathan B. Pena – Chief Operating Officer	8,170,000	1,179,128	1,200,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	12,616,522	2,366,512	1,602,085
2025 (Actual)	Top 5 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Charito S. Espiritu – Chief Finance Officer Jonathan B. Pena – Chief Operating Officer	10,756,522	1,840,606	1,602,085
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	12,616,522	2,366,512	1,602,085
2024 (Actual)	Top 5 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer (Jan-Oct) Charito S. Espiritu – Chief Finance Officer (Sept-Dec) Jonathan B. Pena – Chief Operating Officer	7,710,610	640,285	1,014,798
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,652,690	1,123,156	1,014,798
2023 (Actual)	Top 4 Executive Officers: Robert Charles M. Lehmann– Chairman Max O. Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	8,847,049	799,687	275,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	9,318,354	1,818,276	2,480,000
2022 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	9,365,012	1,436,790	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,058,932	1,901,379	2,230,000
2021 (Actual)	Top 4 Executive Officers: Rene B. Benitez – Chairman Max Borromeo – Vice Chairman Maxcy R. Borromeo – President/COO Marcos E. Larosa – Chief Finance Officer	9,365,012	1,436,790	400,000
	ALL BOARD DIRECTORS AND OFFICERS AS A GROUP	11,058,932	1,901,379	2,230,000

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

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

Note : * gross of taxes

Name of Director	Total Compensation Received as a Director for the year 2025 *	Total Compensation Received as a Director for the year 2024 *
Robert Charles M. Lehmann <i>Chairman – Board of Directors</i>	₱ 210,000	₱ 260,000
Max O. Borrromeo <i>Vice Chairman – Board of Directors</i>	₱ 220,000	₱ 210,000
Maxcy Francisco Jose R. Borrromeo <i>President – Board of Directors</i>	₱ 200,000	₱ 200,000
Joel S. Ferrer <i>Treasurer – Board of Directors</i>	₱ 210,000	₱ 210,000
Carmen Therese L. Benitez <i>Director</i>	₱ 150,000	₱ 150,000
Jose Daniel R. Borrromeo <i>Director</i>	₱ 210,000	₱ 260,000
Alan Michael R. Cruz <i>Independent Director</i>	₱ 240,000	₱ 280,000
Irineo A. Cases, Jr. <i>Independent Director</i>	₱ 200,000	₱ 250,000
Asterio L. Favis, Jr. <i>Independent Director</i>	₱ 240,000	₱ 280,000
Cristino L. Panlilio <i>Director</i>	₱ 110,000	₱ 160,000
Vincent Khoon Ann Ee <i>Director</i>	₱ 200,000	₱ 250,000

Note : * gross of taxes

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

IDENTITY OF SIGNIFICANT EMPLOYEES

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

Item 7. INDEPENDENT PUBLIC ACCOUNTANTS

The auditing firm of R.G. Manabat & Co. (KPMG) is the incumbent external auditor of the Company for the calendar year 2025. The Company has complied with SRC Rule 68 (3)(b)(iv), regarding the rotation of external auditors or engagement partners every five years. Mr. Tirezo Randy F. Lapidez, as the signing Partner, of the Company. The Audit, Related Party Transactions, and Board Risk Oversight Committee will recommend the re-appointment of R.G. Manabat & Co. (KPMG) as the Company's external auditor for the year 2026 in the upcoming Stockholders' Meeting scheduled for July 30, 2026. This recommendation will be presented to the Board of Directors and Stockholders for approval and ratification at the scheduled Annual Stockholders' Meeting.

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

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

Information on Independent Accountant and Other Related Matters

(A) External Audit Fees and Services

For the annual statutory and regulatory engagements, MFIN has engaged R.G. Manabat & Co. (KPMG) for professional services rendered as the independent auditor of MFIN, including the audit of MFIN's Annual Financial Statements and such services normally provided by an external auditor in connection with statutory and regulatory filings or engagements for those fiscal years.

R.G. Manabat & Co. (KPMG) billed MFIN for audit fees totaling ₱ 450,000, including out-of-pocket expenses and Isla Lipana & Co. ₱ 450,000 for the years 2025 and 2024, respectively.

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

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

There had been no disagreements with R.G. Manabat & Co. (KPMG) with regard to accounting policies and financial disclosures of the Company. Mr. Tirezo Randy F. Lapidez, the signing partner, are the newly appointed auditors of the Company for the Calendar Year ending December 31, 2025, and has not yet completed the five-year cap requirement of SEC.

Item 8. COMPENSATION PLANS

No action is to be taken during the 2025 ASM with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

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

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

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

For the year 2025, the Board of Directors approved the following: 30% of FY 2024 audited net income after tax of ₱ 14,462,421 is ₱ 4,338,726 of which is 50% was declared as stock dividend amounting to ₱ 2,169,363 in favor of the stockholders as of record date 22 August 2025 with distribution date not later than 17 September 2025.

In 2026, it is expected that the Board shall propose dividend declaration of 30% of FY 2025 Net Income after tax in the next BOD Meeting in July 30, 2026.

SEC 49, REVISED CORPORATION CODE, REQUIRED DISCLOSURE

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

The voting procedures used in the previous meeting are found on p. 17 of the 2025 Definitive Information Statement. For each item for approval, the Chairman opened the floor for questions and comments from the Shareholders. The Corporate Secretary tabulated the votes and the results were recorded in the Minutes of the 2025 Annual Stockholders' Meeting of the Corporation.

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

The following matters and/or resolutions were discussed and approved during the 2025 Annual Stockholders' Meeting:

- a. Minutes of the 2024 Annual Stockholders' Meeting of the Corporation held on 25 July 2024;
- b. 2024 Annual Report, together with the 2024 Audited Financial Statements;
- c. Ratification of the Acts, Contracts, Investments and Resolutions of the Board of Directors and Management;
- d. Declaration of Cash and Stock Dividends;
- e. Election of Directors;
- f. Appoint of Isla Lipana & Co.-PricewaterhouseCoopers Philippines (PwC), as the Independent External Financial Auditors of the Corporation;

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

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

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

Total Number of Shares Outstanding	273,900,122
Total No. of Shares of Stockholders Participating Remotely	11,967,416
<i>Percentage</i>	4.37%
Total No. of Shares of Stockholder Represented by Proxy	155,870,923
<i>Percentage</i>	56.91%
Total Shares held by Stockholders Participating Remotely and by Proxy	167,838,339
<i>Percentage</i>	61.28%
Total Shares Not Represented	106,061,783
<i>Percentage</i>	38.72%

The Directors and Corporate Officers who attended the 2025 Annual Stockholders' Meeting are as follows:

Directors Present:

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

Officers Present:

DANILO ENRIQUE O. CO	Corporate Secretary and Legal Counsel
CHARITO S. ESPIRITU	Chief Finance Officer/ Chief Information Officer and Compliance Officer
ROBERTO C. BENARES	Board Adviser

1. Material information on the current stockholders, and their voting rights OWNERSHIP (p. 4), and TOP 20 STOCKHOLDERS (p. 30).
2. Appraisals and performance report for the board and the criteria and procedure for assessment

The appraisal and performance report for the board and the criteria and procedure for assessment are found in the discussions on COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE (p. 41).

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

Directors' disclosure on self-dealing and related party transactions are found in the discussions on CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS (pp. 10 to 13)

Item 10. MODIFICATION OR EXCHANGE SECURITIES

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

Item 11. FINANCIAL AND OTHER INFORMATION

- (i) Brief description of the general nature and scope of the business
- (ii) Market information, Dividends, and Top 20 Stockholders
- (iii) Management Discussion and Analysis or Plan of Operation
- (iv) Statement of Management Responsibility for Financial Statements
- (v) Audited Financial Statements for the period ended December 31, 2025 – Annex "C"
- (vi) Interim Unaudited Financial Statements for the period ended March 31, 2026, - Annex "D";
- (vii) Management's Discussion and Analysis of Financial Condition and Results of Operations
- (viii) Notice of the 2026 MFIN Annual Meeting of the Stockholders in two (2) newspapers of general circulation shall be published on July 3 and 4, 2026. Affidavits of Publication shall be issued thereafter.

Item 12. MERGERS, CONSOLIDATIONS, ACQUISITIONS AND SIMILAR MATTERS

No action is to be taken during the 2025 ASM with respect to any transaction involving: (i) merger or consolidation into or with any other person or of any other person into or with MFIN; (ii) acquisition by MFIN or any of its security holders of securities of another person; (iii) acquisition of any other going business or of the assets thereof; (iv) sale or other transfer of all or any substantial part of the assets of MFIN; or (v) liquidation or dissolution of MFIN.

Item 13. ACQUISITION OR DISPOSITION OF PROPERTY

No action is to be taken during the 2025 ASM with respect to acquisition or disposition of any property of MFIN.

Item 14. RESTATEMENT OF ACCOUNTS

No action is to be taken during the 2025 ASM with respect to restatement of any asset, capital or surplus account of MFIN.

D. OTHER MATTERS

Item 15. ACTION WITH RESPECT TO REPORTS AND PROPOSED ACTION

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

The following actions require approval from the stockholders during the 2026 ASM:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on July 24, 2025.
2. Presentation and Approval of the 2025 Annual Report and the 2025 Audited Financial Statements

A copy of the 2025 Audited Financial Statements will be furnished to all shareholders as of Record Date, and the 2025 Annual Report will be presented during the Annual Stockholders' Meeting.

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

The dividend policy dictates that 30% of 2025 Net Income after Tax will be declared as dividends. It is expected that the Board shall proposed this in the next BOD Meeting in July 30, 2026.

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

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

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

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

5. Appointment of Independent External Auditor for 2026

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

Item 16. MATTERS NOT REQUIRED TO BE SUBMITTED

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

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

No action is to be taken during the 2025 Annual Stockholders' Meeting with respect to the amendment of the Company's Charter, By-Laws or other documents.

Item 18. OTHER PROPOSED ACTION

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

Item 19. VOTING PROCEDURES

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

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

- a) Every stockholder entitled to vote shall have the right to vote, either in person or by proxy, the number of shares registered in his/her/their respective name of record as of the close of business hours of **July 02, 2026**. Only written proxies, signed by the stockholders and duly presented to the Corporate Secretary on or before **July 18, 2026** for inspection and recording shall be honored for purposes of voting.
- b) For the stock dividend declaration, approval shall require a majority vote by the stockholders entitled to vote.
- c) For purposes of electing directors, the system of cumulative voting shall be followed. Each stockholder has a number of votes equal to the number of shares he owns, times the number of directors to be elected. The stockholder under this voting system has the option to (i) to cast all his votes in favor of one (1) nominee; or (ii) distribute those votes in the same principle among as many nominees as he shall see fit. Only candidates duly nominated during the meeting shall be voted by the stockholders entitled to vote or by their proxies.
- d) For the stock dividend declaration, approval shall require a majority vote by the stockholders entitled to vote.
- e) Unless required by law, or upon motion by any stockholder, voting need not be by ballot and will be done by show of hands and counted manually by the Corporate Secretary or by the appropriate motion for approval duly made and seconded by the shareholders, as verified by the Corporate Secretary. The Corporate Secretary, Atty. Danilo Enrique O. Co shall tabulate the votes.

Item 20. PARTICIPATION OF STOCKHOLDERS BY REMOTE COMMUNICATION

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

In order for the Company to properly conduct validation procedures, stockholders who wish to participate in the meeting via remote communication and/or vote in absentia must register at <https://sh.makatifinance.ph> between 2 July 2026 to 17 July 2026.

UNDERTAKING TO PROVIDE ANNUAL REPORT

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

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

SIGNATURES

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

MAKATI FINANCE CORPORATION
Issuer

A rectangular area containing a redacted signature, represented by several thick black horizontal bars. A handwritten signature is visible above the bars.

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

Date: June 29, 2026

FINANCIAL AND OTHER INFORMATION

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

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

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

Corporate Mission Statement

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

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

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

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

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

History and Background

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

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

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

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

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

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

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

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

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

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

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

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

In 2025, the Company recorded total operating income of ₱162.45 million, lower than ₱199.72 million in 2024, primarily due to a decline in other income. Other income decreased to ₱21.91 million from ₱54.18 million in the prior year, mainly due to the absence of gains from the sale of investment property recognized in 2024.

Net interest income remained relatively stable at ₱140.54 million compared to ₱145.54 million in 2024, as lower interest income was partially offset by reduced interest expense.

Operating expenses declined to ₱147.71 million from ₱175.40 million in 2024, driven by reductions in taxes and licenses, depreciation and amortization, professional fees, and miscellaneous expenses, reflecting continued cost management efforts.

As a result, income before income tax decreased to ₱14.74 million from ₱24.32 million in 2024, while net income amounted to ₱9.57 million, compared to ₱14.46 million in the previous year.

Other comprehensive income for the year amounted to ₱3.00 million, primarily consisting of rereasurement gains on defined benefit obligations. This resulted in total comprehensive income of ₱12.57 million, compared to ₱17.67 million in 2024.

Earnings per share (EPS) for 2025 stood at ₱0.03.

Operating Departments and Units

The Company maintains an integrated Operations Group composed of key functional units that work collaboratively to support its core lending activities, ensure operational efficiency, and uphold sound risk management practices.

In line with evolving regulatory expectations and business requirements, the Company continues to enhance its processes through digitalization, strengthened credit controls, and improved client engagement strategies, while maintaining compliance with applicable SEC regulations.

The following provides a brief description of each unit:

Sales Group

The Sales Group is composed of dedicated teams responsible for sourcing and originating loan applications across the Company's various products, including Rx Cashline (Doctors' Loans), Business Loans, Receivable Financing, Factoring, Micro Business Loans, Micro Negosyo, and Leisure Bike Financing.

The group performs initial screening and evaluation of loan applications prior to endorsement to the Credit Committee for final review and approval. It is responsible for generating quality accounts that meet the Company's credit standards, while achieving established production targets and portfolio growth objectives.

As part of the Company's 2025 initiatives, the Sales Group continues to strengthen its pipeline through expanded market coverage, strategic partnerships, and data-driven lead generation, while maintaining prudent credit discipline.

Marketing Team

The Marketing Team is responsible for strengthening the Company's brand presence and supporting the Sales Group through the development and execution of targeted marketing strategies and initiatives.

This includes the preparation of marketing materials, implementation of promotional campaigns, and provision of support for sales activities across all product lines.

In 2025, the team has enhanced its lead generation initiatives by actively participating in and sponsoring professional events such as Philippine Dental Association (PDA) conventions and similar industry seminars, enabling direct engagement with medical professionals for the Rx Cashline product.

In addition, the Company has expanded its network by engaging with audit and accounting firms to establish referral channels, allowing the Company to offer financing solutions, particularly business loans, to their client base.

These initiatives are expected to further improve market reach, strengthen client acquisition, and support the Company's growth objectives.

Credit & Verification Team

The Credit and Verification Team is responsible for conducting comprehensive credit due diligence and background verification on all loan applicants.

This includes validation through established credit bureaus and systems such as NFIS/Loandex, TransUnion, and CMAP, as well as other relevant data sources. Verification procedures include

phone validation, document review, and field investigation, including residence and neighborhood checks where necessary.

In line with regulatory expectations, the Company continues to enhance its credit processes through risk-based assessment, improved data analytics, and strengthened internal controls, ensuring that all credit decisions are supported by accurate and reliable information.

The team's primary objective is to maintain a high-quality loan portfolio through prudent and consistent credit evaluation standards.

Billing and Collections Team

The Billing and Collections Team is responsible for monitoring loan repayments and ensuring timely collection of amortizations across all loan products. The team utilizes the Company's Loan Management System (LMS) to track accounts and maintain accurate and up-to-date client records.

Collections are facilitated through various payment channels, including postdated checks, auto-debit arrangements, payroll ATM assignments, and direct payments. Accounts with missed payments or returned checks are promptly followed up, with corresponding penalties and charges applied as necessary.

The Company adopts a balanced and client-focused approach in managing collections, addressing payment issues on a case-to-case basis while maintaining discipline in receivable recovery.

For Motorcycle Financing accounts, Collection Sales Representatives (CSRs) conduct field collections and coordinate directly with clients or branch offices.

Ongoing improvements in 2025 include enhanced monitoring tools, tighter aging analysis, and more proactive collection strategies to manage portfolio quality and minimize delinquency.

Remedial Team

Accounts classified as past due are closely monitored, while those exceeding 90 days past due are categorized as delinquent and referred to the Remedial Team.

The team implements structured recovery strategies, including negotiation of repayment arrangements and restructuring options for borrowers demonstrating willingness to settle their obligations. Accounts that remain unresolved are endorsed to accredited collection agencies or for legal action, including foreclosure of collateral, in accordance with Company policy.

For Motorcycle Financing accounts, repossession of units is undertaken for significantly delinquent accounts, subject to applicable procedures. Clients may redeem repossessed units upon settlement of outstanding obligations.

In 2025, the Company continues to strengthen its remedial processes through early intervention strategies, improved recovery tracking, and coordination with legal and external partners, in line with prudent risk management practices.

Employees

As of December 31, 2025, the Company accounted for a total of 106 employees, distributed as follows:

<u>Rank</u>	<u>2025 No. of Employees</u>	<u>Projected 2026 No. of Employees</u>
Officers	3	3
Managerial/Supervisory	14	17
Rank and File	89	100
Total	106	120

<u>Employment Status</u>	<u>No. of Employees</u>
Regular	94
Probationary	12
Total	106

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

Properties

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

List of Foreclosed Properties as of December 31, 2025		
Location	Size(s.qm)	Description
(Farm Land) Santan St., Cityland Cityview II Farm Lot Subdivision, Barangay De Ocampo, Trece Martires City, Cavite (ROPA 1)	1,410	Transferred
(House and Lot) Blk 23, Lot 1, Montevista Hts., Subd. Brgy. Dolores, Taytay, Rizal (ROPA 3)	181	Transferred
(House and Lot) Blk 23, Lot 2, Montevista Hts., Subd. Brgy. Dolores, Taytay, Rizal (ROPA 4)	198	Transferred
(House and Lot-2storey)Lot 1-B, Blk 17, No. 26 Sardinia St., San Francisco Village, Barangay Muzon, Taytay, Rizal (ROPA 5)	157	Transferred
(Lot) Lot 15-F, Iruhin Central R1, Tagaytay City (ROPA 7)	2,231	Transferred
(Lot) Bo. of Labit West, Urdaneta, Pangasinan (ROPA 8)	6,374	Transferred
TOTAL	10,551	

Legal Proceedings

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

Submission of Matters to a Vote of Security Holders

No matter that require voting decisions were submitted to the Security Holders in the fourth quarter of the year 2025.

OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

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

The latest available price information on Makati Finance's stock price is **₱ 2.48** per share as of **June 29, 2026**.

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

Quarter Ending	Market Prices	
	High	Low
March 2026	1.82	1.82
December 2025	1.80	1.80
September 2025	1.60	1.89
June 2025	1.60	1.61
March 2025	1.63	1.63
December 2024	2.35	2.35
September 2024	1.81	1.60
June 2024	1.60	1.60
March 2024	1.72	1.60
December 2023	1.90	1.90
September 2023	2.00	2.00
June 2023	1.48	1.48
March 2023	2.10	2.10

HOLDERS OF COMMON STOCK as of May 31, 2026
TOP 20 Stockholders

There are a total of 113 stockholders as of May 31, 2026

Name	Nat	Class	No. of Shares	Percentage
*AMALGAMATED INVESTMENT BANCORPORATION	FIL	A	78,458,331	28.42%
PCD NOMINEE CORPORATION (FILIPINO)	FIL	A	72,970,032	26.43%
*MOTOR ACE PHILIPPINES, INC.	FIL	A	58,057,835	21.03%
BORROMEO BROS. ESTATE INC.	FIL	A	10,268,795	3.72%
MF PIKEVILLE HOLDINGS, INC.	FIL	A	9,762,345	3.54%
GRACEFIELD CAPITAL HOLDINGS INC.	FIL	A	9,134,648	3.31%
ERIC B. BENITEZ	FIL	A	7,699,205	2.79%
MELLISSA B. LIMCAOCO	FIL	A	6,910,055	2.50%
GLENN B. BENITEZ	FIL	A	6,579,102	2.38%
RENE B. BENITEZ	FIL	A	6,316,234	2.29%
JOEL FERRER	FIL	A	2,781,027	1.01%
MICHAEL WEE	FOR	A	1,051,214	0.38%
MARY GRACE V. REYES	FIL	A	819,743	0.30%
SALUD BORROMEO FOUNDATION	FIL	A	558,140	0.20%
TERESITA B. BENITEZ	FIL	A	536,933	0.19%
MERG REALTY DEVELOPMENT LIMCAOCO, MELLISSA B., ITF MICHAELA LIMCAOCO	FIL	A	477,024	0.17%
BENITEZ, GLENN, ITF ANDREA C. BENITEZ	FIL	A	328,915	0.12%
BENITEZ, GLENN, ITF ALFONSO C. BENITEZ	FIL	A	328,915	0.12%
BENITEZ, GLENN, ITF ALESSANDRA C. BENITEZ	FIL	A	328,915	0.12%
SUB-TOTAL			273,696,323	99.14%
OTHER STOCKHOLDERS (93)			2,373,118	0.86%
GRAND TOTAL (113 stockholders)			276,069,441	100.00%

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

Currently the Company is compliant in the PSE continuing listing requirement rule on minimum public ownership. The rule requires a 20% minimum public float. MFC has 27.30% public float.

Dividends

As approved by the BOD and upon concurrence by the stockholders of the Company, an annual dividend declaration policy was set up, amount of which will be equivalent to 30% of the Company's net earnings for the year. For the year 2022, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱ 1,455,711. Fractional shares were paid in cash. For the year 2023, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to ₱ 2,678,008. Fractional shares were paid in cash. For the year 2024, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to P 1,938,573. Fractional shares were paid in cash. For the year 2025, the Board of Directors and Stockholders approved the declaration of cash dividends amounting to P 2,169,363. Fractional shares were paid in cash. The Company has no restrictions or limitations on the payment of dividends on its common shares, except as may be provided under applicable laws, rules and regulations, and subject to the availability of unrestricted retained earnings and the approval of the Board of Directors.

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

Plans and Prospects for 2026

For fiscal year 2026, the Company will continue to focus on strengthening its core lending operations while pursuing opportunities for measured and sustainable growth, taking into account prevailing economic conditions and market developments.

The Company's strategic direction is anchored on enhancing its portfolio through ongoing refinements in credit evaluation and product offerings, improving operational efficiency through process enhancements, and expanding its market presence in selected areas. As part of its expansion initiatives, the Company is currently undertaking the construction of its Tarlac Branch, which is expected to support business activities upon commencement of operations.

The Company also intends to continue managing its repossessed motorcycle inventory, including efforts to accelerate its disposal. While such actions may result in the recognition of losses, management believes that these measures will help reduce carrying and storage costs and allow for the redeployment of capital into earning assets.

In implementing its plans, the Company remains mindful of external factors, including geopolitical developments, inflationary pressures, interest rate movements, and overall economic conditions, which may affect its operations and financial performance. As such, management will continue to adopt a prudent and disciplined approach, with emphasis on asset quality, cost management, and operational efficiency.

Overall, the Company aims to improve operational efficiency and strengthen its market position while maintaining a balanced and prudent approach to business expansion in 2026.

Discussion of Past Financial Performance

As of December 31, 2025

Results of Operation

As of December 31, 2025, Makati Finance Corporation (MFC) recorded a decline in financial performance compared to 2024, primarily driven by lower non-interest income despite relatively stable core lending operations. Total operating income decreased by 18.7% to ₱162.45 million from ₱199.72 million in 2024.

Interest income declined by 3.4% to ₱177.48 million from ₱183.66 million, while interest expense decreased by 3.1% to ₱36.94 million from ₱38.12 million. As a result, net interest income slightly declined by 3.4% to ₱140.54 million, indicating stable performance in core lending activities.

Other income decreased significantly by 59.6% to ₱21.91 million from ₱54.18 million in 2024, primarily due to the absence of the ₱21.57 million gain on the sale of investment property recognized in the prior year. Service charges increased by 46.6%, reflecting stronger fee-based income, while miscellaneous income declined sharply, indicating lower non-recurring income during the year.

Operating expenses decreased by 15.8% to ₱147.71 million from ₱175.40 million in 2024. The decline was mainly due to lower taxes and licenses, depreciation and amortization, professional fees, travel expenses, and miscellaneous expenses, reflecting continued cost rationalization. Provision for credit losses remained relatively stable, indicating sustained credit quality.

As a result, income before income tax declined by 39.4% to ₱14.74 million from ₱24.32 million in 2024. Net income decreased by 33.9% to ₱9.57 million from ₱14.46 million in the prior year.

Other comprehensive income amounted to ₱3.00 million, slightly lower than ₱3.21 million in 2024, primarily arising from remeasurement gains on defined benefit obligations. This resulted in total comprehensive income of ₱12.57 million, down 28.9% from ₱17.67 million in 2024.

Earnings per share (EPS) decreased to ₱0.03 from ₱0.05 in 2024, reflecting lower net income during the year.

Overall, the decline in profitability was mainly attributable to lower non-recurring income, partially offset by stable core lending operations and continued cost management initiatives.

Financial Condition and Capital Resources

As of December 31, 2025, the Company's total assets amounted to ₱1.05 billion, representing a decrease of 8.4% from ₱1.14 billion in 2024. The decline was primarily attributable to reductions in non-current assets during the year.

Current assets decreased by 4.9% to ₱640.45 million from ₱673.15 million in 2024. This was mainly due to a decrease in loans and receivables, which declined to ₱515.35 million, reflecting changes in loan portfolio composition and collections during the period. Other current assets also decreased, partly due to reclassification to non-current assets, while cash and cash equivalents increased by 8.6% to ₱20.71 million, indicating improved liquidity.

Non-current assets decreased by 13.5% to ₱406.68 million from ₱470.42 million in 2024. The decline was primarily driven by reductions in non-current loans and receivables. This was partially offset by increases in investment properties, deferred tax assets, right-of-use assets, and the recognition of other non-current assets arising from reclassification during the year.

Total liabilities decreased by 19.2% to ₱449.92 million from ₱556.77 million in 2024. Current liabilities declined by 22.3% to ₱424.00 million, mainly due to a reduction in notes payable, reflecting repayments of borrowings during the year. Accounts payable and accrued expenses also decreased, indicating improved working capital management. Non-current liabilities increased due to higher lease liabilities.

Total equity increased by 1.8% to ₱597.21 million from ₱586.81 million in 2024. The increase was primarily driven by the recognition of stock dividends, which resulted in an increase in capital stock during the year.

Retained earnings increased to ₱301.14 million in 2025 from ₱295.91 million in 2024, mainly attributable to net income generated during the year. A portion of retained earnings was appropriated amounting to ₱80.00 million, resulting in a decrease in unappropriated retained earnings.

Remeasurement gains on defined benefit obligations also increased, contributing positively to total equity.

Overall, the Company's financial position reflects a shift toward a more liquid asset base, supported by improved cash balances and the reclassification of certain assets, as well as reduced leverage through the repayment of obligations, while continuing to maintain a prudent approach to liquidity and capital management.

Income before Income Tax

The Company's income before income tax decreased by 39.4% in 2025, declining to ₱14.74 million from ₱24.32 million in 2024. This was mainly due to lower total operating income, which decreased by ₱37.27 million or 18.7%, driven primarily by the absence of the ₱21.57 million gain from the sale of investment property recognized in 2024.

While net interest income remained relatively stable, the decline in other income significantly impacted overall revenues. Operating expenses decreased by ₱27.69 million or 15.8%, reflecting cost management initiatives and lower expenses across several categories.

Despite the reduction in expenses, the decline in revenues outweighed the cost savings, resulting in lower pre-tax income. Overall, the decrease reflects reduced non-recurring income, partially offset by stable core operations and continued expense control.

Funds Generation

As of December 31, 2025, the Company's total loan balance amounted to ₱395.0 million, representing a decrease of ₱115.0 million or 22.5% from ₱510.0 million as of December 31, 2024. The reduction was primarily due to repayments and lower utilization of available credit facilities during the year.

The decrease in borrowings indicates that the Company was able to partially fund its lending activities through internally generated cash flows, including collections from its loan portfolio, thereby reducing reliance on external financing.

As of year-end, the Company maintained total available credit lines of ₱393.0 million, providing sufficient liquidity to support its operational requirements and potential funding requirements. A portion of the Company's borrowings remains subject to fixed interest rates up to maturity, which helps mitigate exposure to interest rate fluctuations.

Currently, the Company's funding requirements are being met through a combination of borrowings, internally generated collections, and the acceptance of private placements under the 19 lenders rule.

Overall, the Company continues to manage its funding sources prudently, balancing internally generated funds and external borrowings to support its lending operations while maintaining financial flexibility.

As of December 31, 2024

Results of Operation

As of December 31, 2024, Makati Finance Corporation (MFC) demonstrated improved financial performance, marked by growth in both interest-based and non-interest income streams. Total operating income increased by 10.8% to ₱199.72 million, up from ₱180.17 million in 2023, largely driven by a combination of higher interest income and a strong increase in other income. Interest income grew by 4.8% to ₱183.66 million, supported by the expansion of interest-earning assets and favorable yields. However, interest expense rose by 10% to ₱38.12 million, reflecting increased funding costs, possibly due to a rising interest rate environment or higher borrowing levels. Despite this, the Company's net interest margin still improved by 3.6%, reaching ₱145.54 million, indicating solid performance in core banking operations.

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

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

This suggests a healthier loan portfolio and more prudent credit risk management during the year. Additionally, impairment losses on repossessed assets decreased by 74.2%, further underscoring asset quality improvement.

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

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

Financial Condition and Capital Resources

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

Non-current assets declined by 18.2% to ₱479.42 million, down from ₱586.47 million in 2023. The most notable reduction came from investment properties, which fell by ₱54.65 million or 35.6%, largely due to disposals, including a significant sale that contributed to the gain recognized in income. The right-of-use asset also decreased significantly from ₱16.53 million to ₱4.55 million, likely due to lease expirations or terminations. Additionally, net non-current loans and receivables declined by ₱46.67 million, suggesting a reclassification to current assets or a shift in loan portfolio structure. Deferred tax assets showed a slight decrease, possibly reflecting changes in temporary tax differences or utilization of prior-year tax credits.

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

Total equity increased by 2.8% to ₱586.81 million, driven primarily by retained earnings, which grew by ₱10.59 million following improved profitability. Capital stock also increased slightly due to additional issuances or equity-based transactions. Notably, the

remeasurement gain on retirement benefit obligation rose to ₱11.19 million, contributing positively to equity through other comprehensive income.

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

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

Funds Generation

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

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

As of December 31, 2023

Results of Operation

As of December 31, 2023, Makati Finance Corporation (MFC) has achieved 10% increase in its topline as the Interest Income grew by ₱16 million from ₱159 million in 2022 to ₱175 million in 2023. The growth in topline resulted in increase in Net Interest Income to ₱141 million, reflecting a 12% increase from the previous year's ₱126 million.

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

Financial Condition and Capital Resources

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

Income Before Income Tax

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

As of December 31, 2022

Results of Operation

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

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

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

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

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

Financial Condition and Capital Resources

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

Interest Income

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

Net Interest Income

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

Other Income

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

Income Before Income Tax

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

As of December 31, 2021

Results of Operation

The Company released a total loans of ₱732 million in 2021, 23% lower or about ₱224 million versus ₱956 million in 2020, this is mainly due to the impact of COVID 19 pandemic as the Company became more stricter in credit evaluation especially on new accounts, while we continue to support in servicing our existing good customers. On the other hand, total collections in 2021 amounted to ₱981 million, a decrease of 11% or about ₱118 million versus ₱1.1 billion in 2020. The Company's income before tax amounted to ₱25 million, or about 42% higher versus ₱17.5 million in 2020, driven by increase in miscellaneous income. However, the net income of the Company amounted to ₱9.7 million only, or about 8% lower versus ₱10.8 million in 2020, mainly due to the impact of CREATE law, correcting

prior years deferred tax assets in the amount of ₱9.54 million. Without the income tax correction, the Company's Net income for FY2021 should have been ₱19.24 million, or about 78% higher versus FY2020.

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

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

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

Financial Condition and Capital Resources

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

Interest Income

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

Net Interest Income

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

Other Income

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

Income Before Income Tax

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

As of December 31, 2020

Results of Operation

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

Total operating income (including gain on sale of repossessed assets and net of interest expense) ended at ₱141.74 million in 2020, 19% lower versus ₱175.7 million in 2019. The decline was mainly due to the impact of COVID 19 pandemic in which lockdowns were

implemented by Government to minimize the spread of the virus in 2020, as well as the implementation of Bayanihan 1 and 2 which affect collections from consumer loans which yields higher effective interest rates. As a result, generated interest income amounted only to ₱164.1 million in 2020 from ₱173.3 million in 2019.

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

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

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

Financial Condition and Capital Resources

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

Interest Income

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

Net Interest Income

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

Other Income

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

Income Before Income Tax

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

Funds Generation

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

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

KEY PERFORMANCE INDICATORS:

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

**MAKATI FINANCE CORPORATION
SCHEDULE SHOWING FINANCIAL SOUNDNESS
PURSUANT TO SRC RULE 68, AS AMENDED
DECEMBER 31, 2025**

	2025	2024
SOLVENCY AND LIQUIDITY RATIOS		
Current ratio	151.05%	123.37%
Debt to equity ratio	75.34%	94.88%
Quick ratio	126.43%	101.60%
PROFITABILITY RATIOS		
Return on assets	0.91%	1.26%
Return on equity	1.60%	2.46%
Net profit margin	5.89%	7.24%
ASSET TO EQUITY RATIO	175.34%	194.88%
INTEREST RATE COVERAGE RATIO	0.40	1.64
OTHER RELEVANT RATIOS		
Ratio or percentage of total real estate investments to total assets	10.01%	8.63%
Total receivables to total assets	70.11%	75.03%
Total DOSRI receivables to net worth	0.33%	0.58%
Amount of receivables from a single corporation to total receivables:		
Motor Ace Philippines, Inc. (MAPI)	0.04%	0.04%
Honda Motor World, Inc.	0.02%	0.02%
Amalgamated Investment Bancorporation		0.02%
HMW Lending Investors, Inc.		0.14%
MAPI Lending Investors, Inc.	0.20%	0.17%

Computation for the Ratios:

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

CORPORATE GOVERNANCE

COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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

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


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


Document	Submitted to	Date of Submission
2022 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 15, 2023
	The Philippine Stock Exchange, Inc. (PSE)	
2023 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 29, 2024
	The Philippine Stock Exchange, Inc. (PSE)	
2024 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 30, 2025
	The Philippine Stock Exchange, Inc. (PSE)	
2025 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC)	May 29, 2026
	The Philippine Stock Exchange, Inc. (PSE)	


SIGNATURES

Pursuant to the requirement of the Securities Regulation Code, this Definitive Information Statement (SEC 20-IS) is to be signed on its behalf of the registrant by the undersigned, thereunto duly authorized, in the City of Makati on 30 JUN 2026, 2026.

By:


ROBERT CHARLES M. LEHMANN
Chairman of the Board


MAXCY FRANCISCO JOSE R. BORROME0
President




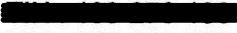



MAX O. BORROME0
Vice Chairman

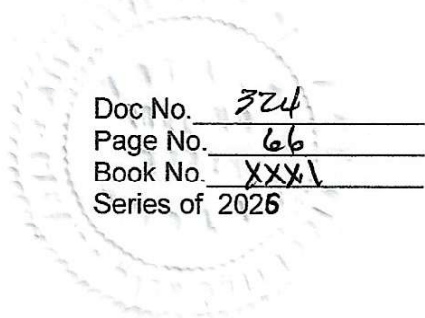

JOEL S. FERRER
Treasurer


CHARITO S. ESPIRITU
Chief Finance Officer/Compliance Officer


DANILO ENRIQUE O. CO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 30 JUN 2026 day of _____, 2026, affiant(s) exhibiting to me their _____, as follows:

<u>NAME/NO.</u>	<u>GOVT.I.D.</u>	<u>PLACE OF ISSUE</u>
ROBERT CHARLES M. LEHMANN		
MAXCY FRANCISCO JOSE R. BORROME0		
MAX O. BORROME0		
JOEL S. FERRER		
CHARITO S. ESPIRITU		
DANILO ENRIQUE O. CO		



Doc No. 324
Page No. 66
Book No. XXXI
Series of 2026

NOTARY PUBLIC


ATTY. RENE M. M. VILLA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO M-110
(REN) (2025 - 2026)
UNTIL DECEMBER 31, 2026
PTR NO. 10766722; 01-05-2025; MAKATI CITY
IBP LIFETIME NO. 01575; 12-27-2013; I.C.
EON NO. 37226
SOLE CONTRACTOR NO. VIII-0012754; 03-27-2024
GROUND FLOOR, MAKATI TEPACES CONDOMINIUM
2650 DAVILA ST., TEJEROS, MAKATI CITY

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

CERTIFICATION

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

1. I am the duly elected and incumbent Corporate Secretary of Makati Finance Corporation.
2. I hereby certify that, to the best of my knowledge, none of the 2026 nominees for the Board of Directors of Makati Finance Corporation named below currently works with the Philippine government, or any of its departments, agencies, branches or other offices:

CARMEN THERESE L. BENITEZ
MAX O. BORROMEO
MAXCY FRANCISCO JOSE R. BORROMEO
JOEL S. FERRER
JOSE DANIEL R. BORROMEO
IRINEO A. CASES JR.
VINCENT EE
ROBERT CHARLES M. LEHMANN
ASTERIO L. FAVIS JR.
CRISTINO L. PANLILIO
JAMES HENRY GUNDRY

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


DANILO ENRIQUE O. CO


Affiant

JUN 10 2026

SUBSCRIBED AND SWORN to before me this _____ at _____
MANDALUYONG CITY affiant personally appeared before me and exhibited his Competent Evidence of Identity consisting of P _____ and at DFA Manila valid until 29 June 2031.

Doc No. 249
Page No. 5;
Book No. 126;
Series of 2026.

MFC-CERT GOV 2026 [Dia/Hannah]


ATTY. JAMES K. BUGAN
Notary Public
APPT. NO. 0442-25 Until 12-31, 2026
IBP No. 536658 Jan. 06, 2026 Rizal Chapter
Roll No. 26890 Lifetime
MCLE No. VIII-0022918 until 4/14/2028
TIN No. 116-239-956
PTR No. 6028802 01/06/2026
Rm. 314 J & L Bldg., 251 EDSA,
Mandaluyong City Tel. No. (02)854-523-21

COVER SHEET

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S.E.C. Registration Number

M	A	K	A	T	I	F	I	N	A	N	C	E	C	O	R	P	O	R	A	T	I	O	N
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(Company's Full Name)

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A	V	E	N	U	E		M	A	K	A	T	I		C	I	T	Y		1	2	3	1		
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(Business Address : No. Street/City/Province)

CHARITO S. ESPIRITU

Contact Person

(02) 7751-8132

Company Telephone Number

1	2
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Month

3	1
---	---

Day

Fiscal Year

2026

CERTIFICATION OF INDEPENDENT DIRECTOR
--

FORM TYPE

FORM TYPE

0	7
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Month

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Day

Annual Meeting

**Every last
Thursday of July**

Financing

Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

113

Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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_____ Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

June 16, 2026

SECURITIES AND EXCHANGE COMMISSION

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

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

ATTY. RACHEL ESTHER J. GUMTANG-REMALANTE
Director, Corporate Governance and Finance Department

THE PHILIPPINES STOCK EXCHANGE, INC.

PSE Tower, 5th Avenue cor. 28th Street, Bonifacio Global City,
Taguig City 1634, Metro Manila, Philippines

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

Gentlemen:

In compliance with the SEC Memorandum Circular 5, Series of 2017, the Certification of Independent Director executed by the aforementioned candidates for Independent Directors of the Corporation, we are submitting herewith the updated Certification of the following independent directors of the Company wit:

1. Alan Michael R. Cruz
2. Asterio L. Favis, Jr.
3. Irineo A. Cases, Jr.
4. James Henry Gundry

We trust that you will find the foregoing in order.

Very truly yours,

Makati Finance Corporation
Registrant

By:

CHARITO S. ESPIRITU
Compliance Officer / CFO

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

Done, this 29th day of May 2026 at Makati City, Philippines.

[REDACTED]
ALAN MICHAEL R. CRUZ

Affiant

MAKATI CITY

SUBSCRIBED AND SWORN to before me this 16 JUN 2026 day of MAKATI CITY at MAKATI CITY personally appeared before me and exhibited his Tax Identification [REDACTED] affiant

Doc No. 790
Page No. 89
Book No. XVII
Series of 2026

NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO M-110
(REN) (2025 - 2026)
UNTIL DECEMBER 31, 2026
PTR NO. 1076722; 03-05-2026; MAKATI CITY
IBP LIFETIME No. 011595; 12-27-2013; I.C.
ROWNO. 37226
MCLE COMPLIANCE NO. VIII-0012759; 03-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
355 TAVARA ST., TEVEROSE MAKATI CITY

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

Done, this 29th day of May 2026 at Makati City, Philippines.

[REDACTED]
ASTERIO L. FAVIS, JR.
Affiant

16 JUN 2026

SUBSCRIBED AND SWORN to before me this _____ day of _____ at MAKATI CITY personally appeared before me and exhibited his Tax Ider [REDACTED] affiant

Doc No. 397
Page No. 80
Book No. XXVII
Series of 2026

ATTY. RENE M. M. VILLA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO. M-110
(REND. 2025-2026)
UNTIL DECEMBER 31, 2026
PTR NO. 10761221-01-05-2026; MAKATI CITY
IBP LIFETIME NO. 015355; 12-27-2013; L.C.
R.O. NO. 37226
MCLE COMPLIANCE NO. VIII-0032754; 03-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
3650 DAVIAS ST., TEJEROS, MAKATI CITY

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

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

1. I am a nominee for independent director of **Makati Finance Corporation** ("MFIN") and have been its independent director since July 27, 2023.
2. I am affiliated with the following companies or organizations:

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

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

Done, this ____th day of May 2026 at Makati City, Philippines.

[REDACTED]
IRINEO A. CASES, JR.
Affiant

16 JUN 2026

MAKATI CITY

SUBSCRIBED AND SWORN to before me this ____ day of _____ at _____ affiant personally appeared before me and exhibited his Tax Identification Number [REDACTED]

Doc No. 192
Page No. 20
Book No. XXVII
Series of 2026

ATTY. RAINE MA. M. VILLALBA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO. M-110
(REN) (2025 - 2026)
UNTIL DECEMBER 31, 2026
PTR NO. 10766722; 01-05-2025; MAKATI CITY
IBP LIFETIME NO. 015395; 12-27-2013; I.C.
RON NO. 37226
MCLE COMPLIANCE NO. VIII-0032759; 03-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
3550 DAVILA ST., TEJEROS, MAKATI CITY

CERTIFICATION OF QUALIFICATION OF INDEPENDENT DIRECTOR

I, **MR. JAMES HENRY GUNDRY**, British, of legal age and a resident of address at [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

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

Company/Organization	Position/Relationship	Period of Service
Quest Highlands Inc. (trading as Robert Walters – Philippines)	Chairman and Board Director	18 years
Flowerstore.ph Inc.	Board Advisor	5 years
Amalgamated Investment Bancorporation Inc.	Independent Director or Independent Board Adviser	3 years

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

Done, this 29th day of May 2026 at Makati City, Philippines.

[REDACTED]
JAMES HENRY GUNDRY
Affiant

SUBSCRIBED AND SWORN to before me this 16 JUN 2026 day of MAKATI CITY at [REDACTED] personally appeared before me and exhibited his Tax Identification Number [REDACTED] affiant

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Page No. 80
Book No. XXVII
Series of 2026

ATTY. RENE M. M. VILLA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO. M-110
(REN) (2025 - 2026)
UNTIL DECEMBER 31, 2026
PTR NO. 10766722; 04-05-2026; MAKATI CITY
IBP LIFETIME NO. 015575; 12-27-2013; MC.
ROL NO. 37226
MOLE COMPLIANCE NO. VIII-0012754; 03-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
3650 DAVILA ST., TERCEROS, MAKATI CITY



SECURITIES AND EXCHANGE COMMISSION

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



The following document has been received:

Receiving: ICTD ERMD

Receipt Date and Time: April 17, 2026 10:58:50 AM

Company Information

SEC Registration No.: 0000028788

Company Name: MAKATI FINANCE CORP.

Industry Classification: J66110

Company Type: Stock Corporation

Document Information

Document ID: OST104172026811235559

Document Type: Financial Statement

Document Code: FS

Period Covered: December 31, 2025

Submission Type: Annual

Remarks: None

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



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 14th day of April 2026

SUBSCRIBED AND SWORN TO BEFORE ME

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

NO. _____ ISSUED ON _____ AT **ATTY. RENEMA M. VILLA**

DOC. NO. 236
 PAGE NO. 49
 BOOK NO. YVI
 SERIES OF 2026

NOTARY PUBLIC OF MAKATI CITY
 APPOINTMENT NO. M-110
 (END 02025-2026)
 UNTIL DECEMBER 31, 2026
 PTR NO. 10707/22/03-05-2026/ MAKATI CITY
 IBP LIFETIME NO. 018575/12-27-2013/L.C.
 ROL NO. 37226
 MCLE COMPLIANCE NO. VIII-00127571-03-27-2024
 GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
 3650 DAVILA ST., TEJEROS, MAKATI CITY



Wilma Fundan <wpfundan@makatifinance.com.ph>

Your BIR AFS eSubmission uploads were received

1 message

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

Wed, Apr 15, 2026 at 6:44 PM

Hi MAKATI FINANCE CORPORATION,

Valid files

- EAFS000473966ITRTY122025.pdf
- EAFS000473966TCRTY122025-04.pdf
- EAFS000473966AFSTY122025.pdf
- EAFS000473966OTHTY122025.pdf

Invalid file

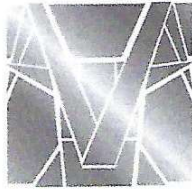
- <None>

Transaction Code: **AFS-0-4ZR2XMVP066FD9JCHNXMZ2N1X09G5LA8KB**
Submission Date/Time: **Apr 15, 2026 06:44 PM**
Company TIN: **000-473-966**

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

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

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



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. BORROMEJO
 President


ROBERT CHARLES M. LEHMANN
 Chairman


CHARITO S. ESPIRITU
 Chief Finance Officer

Signed this 14th day of April 2026

SUBSCRIBED AND SWORN TO BEFORE ME

THIS DOCUMENT 14 APR 2026 IN MAKATI CITY
 NO. _____ ISSUED ON _____ AT _____

ATTY. RENE M. VILLA
 NOTARY PUBLIC OF MAKATI CITY
 APPOINTMENT NO. 14-110
 (REND) (2025-2026)
 UNTIL DECEMBER 31, 2026

PTR NO. 10760/22:01-05-2025, MAKATI CITY
 IBP LIFETIME NO. 016375: 12-27-2013: I.C.
 ROL NO. 37226
 MCLE COMPLIANCE NO. VIII-0092754: 03-27-2024
 GROUND FLOOR, MAKATI TOWER, 3650 DAVAO STREET, MAKATI CITY

DOC. NO. 225
 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
Email 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 V1-2025-02-0054g-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.

R.G. Manabat & Co.



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.

R.G. Manabat & Co.



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



SEC Accreditation No. [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



Issued January 5, 2026 at Makati City

April 15, 2026
Makati City, Metro Manila

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
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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.



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.

[REDACTED]

TIRESO RANDY F. LAPIDEZ
Partner

[REDACTED]

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

Tax Id [REDACTED]

BIR Accreditation [REDACTED]

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

[REDACTED]

Issued January 5, 2026 at Makati City

April 15, 2026
Makati City, Metro Manila

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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.



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.

[REDACTED]

TIRESO RANDY F. LAPIDEZ
Partner

[REDACTED]

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

Tax Id [REDACTED]

BIR Accreditation [REDACTED]
Issued May 25, 2023; valid until May 25, 2026

[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
ASSETS			
Current Assets			
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
Total Current Assets		640,445,507	667,214,322
Noncurrent Assets			
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
Total Noncurrent Assets		406,684,199	476,360,249
		P1,047,129,706	P1,143,574,571
LIABILITIES AND EQUITY			
Current Liabilities			
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
Total Current Liabilities		424,002,067	545,622,679
Noncurrent Liabilities			
Lease liabilities - net of current portion	22	15,484,204	1,033,684
Retirement benefit obligation	20	10,437,502	10,113,152
Total Noncurrent Liabilities		25,921,706	11,146,836
		449,923,773	556,769,515
Equity			
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
		597,205,933	586,805,056
		P1,047,129,706	P1,143,574,571

See Notes to the Financial Statements.

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

		Years Ended December 31		
	Note	2025	2024	2023
INTEREST INCOME	12	P177,478,804	P183,657,793	P175,174,176
INTEREST EXPENSE	12	36,939,261	38,120,468	34,653,048
NET INTEREST INCOME		140,539,543	145,537,325	140,521,128
OTHER INCOME				
Service charges	12, 17	13,238,100	9,031,628	8,428,924
Fair value adjustment on investment properties	10, 12, 18	5,955,225	4,447,700	4,817,734
Gain on sale of investment property	12, 18	-	21,568,169	-
Miscellaneous	12, 18	2,716,906	19,134,849	26,403,922
		21,910,231	54,182,346	39,650,580
TOTAL OPERATING INCOME		162,449,774	199,719,671	180,171,708
OPERATING EXPENSES				
Salaries and employee benefits		63,418,413	64,274,365	56,752,510
Provision for credit losses	8, 12	18,597,944	19,349,940	32,176,691
Depreciation and amortization	9, 11, 12	14,522,457	16,603,690	16,879,761
Taxes and licenses		10,690,107	17,929,494	14,992,634
Management and professional fees		8,166,544	10,895,941	7,152,343
Commission		4,853,431	4,943,426	3,267,254
Travel and transportation		3,341,599	5,038,518	5,138,614
Provision for impairment loss of repossessed assets	11	2,281,661	1,937,134	7,495,767
Occupancy costs		1,548,276	3,188,214	4,451,052
Entertainment, amusement and recreation		1,305,146	1,180,090	558,787
Miscellaneous	18	18,982,533	30,059,715	14,044,270
	12	147,708,111	175,400,527	162,909,683
INCOME BEFORE INCOME TAX EXPENSE		14,741,663	24,319,144	17,262,025
INCOME TAX EXPENSE	12, 19	4,424,806	9,856,723	4,338,476
NET INCOME	16	10,316,857	14,462,421	12,923,549
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that may not be reclassified to profit or loss</i>				
Net remeasurement gain (loss) on retirement benefit obligation - net of tax		2,253,427	3,205,173	(2,268,741)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		P12,570,284	P17,667,594	P10,654,808
BASIC AND DILUTED EARNINGS PER SHARE	16	P0.04	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		
Balances at January 1, 2025	P273,900,122	P5,803,922	P295,912,879	P -	P11,188,133	P586,805,056
Transactions with Owners						
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
Total comprehensive income	-	-	10,316,857	-	2,253,427	12,570,284
Appropriation of retained earnings	-	-	(80,000,000)	80,000,000	-	-
Balances at December 31, 2025	P276,069,441	P5,803,922	P221,891,010	P80,000,000	P13,441,560	P597,205,933
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

Years Ended December 31

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

Forward

Years Ended December 31

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

See Notes to the Financial Statements.

MAKATI FINANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

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.

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.

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.

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.

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>	2025	2024
Cash in banks	7	P20,190,974	P18,620,665
Loans and other receivables	8	844,138,460	999,337,564
Security deposits	11	4,651,862	4,733,792
		P868,981,296	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
Loans Receivables*				
Current - No Past Due	0.00%	P596,413,418	P -	No
Past-Due - Not Impaired	6.51%	184,719,277	(54,266,725)	No
Past Due - Impaired or Fully Provided	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
Loans Receivables*				
Current - No Past Due	0.00%	P704,944,601	P -	No
Past-Due - Not Impaired	4.61%	185,353,917	(45,261,659)	No
Past Due - Impaired or Fully Provided	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
Other receivables				
Current - No Past Due	32.70%	P10,671,079	(P3,489,522)	No
Past-Due - Not Impaired	0.00%	-	-	No
Past Due - Impaired or Fully Provided	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
Other receivables				
Current - No Past Due	25.62%	P17,432,096	(P4,465,715)	No
Past-Due - Not Impaired	0.00%	-	-	No
Past Due - Impaired or Fully Provided	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
Financial Assets			
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
Total Financial Assets	540,188,959	218,846,665	759,035,624
Financial Liabilities			
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
Total Financial Liabilities	416,832,494	18,000,318	434,832,812
Total Maturity Gap	P123,356,465	P200,846,347	P324,202,812

*Excluding government payables

	2024		Total
	Up to One Year	Over One Year	
Financial Assets			
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
Total Financial Assets	558,628,596	322,729,101	881,357,697
Financial Liabilities			
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
Total Financial Liabilities	536,222,333	1,042,105	537,264,438
Total maturity Gap	P22,406,263	P321,686,996	P344,093,259

*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>	2025	2024
Cash in banks	5	P20,190,974	P18,620,665
Cash on hand		522,053	457,478
		P20,713,027	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>	2025	2024
Loans receivable		P1,250,043,130	P1,488,783,918
Accrued interest receivable		6,361,799	6,020,662
Other receivables		10,671,079	17,432,096
		1,267,076,008	1,512,236,676
Unearned interest income		(422,937,548)	(512,899,112)
	5	844,138,460	999,337,564
Allowance for ECL		(109,945,672)	(141,334,324)
	5, 12	P734,192,788	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	P242,569,819	P384,585,981
Real estate mortgage	3,682,128	3,823,482
Other collaterals	39,997,154	45,563,421
Total secured	286,249,101	433,972,884
Unsecured	557,889,359	565,364,680
	P844,138,460	P999,337,564

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

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

December 31, 2024				
		Loans	Other	
	<i>Note</i>	Receivable	Receivables	Total
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				
Note	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
Cost				
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
Accumulated Depreciation				
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
Carrying Amount	P4,512,785	P903,489	4,294,767	P9,711,041
2024				
Note	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
Cost				
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
Accumulated Depreciation				
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
Carrying Amount	P2,911,026	P1,719,092	P2,412,263	P7,042,381

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).

10. Investment Properties - net

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

The movements in this account are as follows:

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

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

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

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.

11. Other Assets - net

This account consists of:

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

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
Cost		
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)
Balance at end of year	101,397,886	144,863,341
Allowance for Impairment Losses		
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)
Balance at end of year	3,339,237	37,073,305
Carrying amount at end of year	P98,058,649	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
Cost			
Balance at beginning of year		P7,776,505	P6,851,016
Additions		1,345,031	925,489
Balance at end of year		9,121,536	7,776,505
Accumulated Amortizations			
Balance at beginning of year		6,569,779	6,320,524
Amortization	12	883,982	249,255
Balance at end of year		7,453,761	6,569,779
		P1,667,775	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	
		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	
		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.

14. Accrued Expenses

This account consists of:

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

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

Others mainly include accrual on utilities and travel and transportation.

15. Notes Payable

This account consists of:

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

The table below shows the carrying amount of loans payable.

	December 31, 2025		
	Interest Rate	Term (Days)	Carrying Amount
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
			P395,079,832
	December 31, 2024		
	Interest Rate	Term (Days)	Carrying Amount
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
			P510,316,500

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 avilment 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.

18. Miscellaneous Income and Expenses

Miscellaneous Income

This account consists of the following:

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

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:

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

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.

19. Income Taxes

The components of income tax expense are as follows:

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

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

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

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

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

Movements in deferred tax assets are as follows:

	2025	2024
Beginning of the year	P37,437,621	P41,559,313
Amounts charged to profit or loss	5,310,742	(4,582,206)
Amounts charged to OCI	(751,142)	460,514
End of the year	P41,997,221	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	P17,326,085	P17,524,485	(P7,212,933)	(P7,299,197)	P10,113,152	P10,225,288
Included in Profit or Loss						
Current service cost	2,674,287	2,454,463	-	-	2,674,287	2,454,463
Interest cost (income)	1,053,426	1,079,508	(398,794)	(440,934)	654,632	638,574
	3,727,713	3,533,971	(398,794)	(440,934)	3,328,919	3,093,037
Included in OCI						
Remeasurements losses (gains):						
Actuarial loss arising from:						
Return on plan assets, excluding interest income	-	-	103,591	244,844	103,591	244,844
Experience adjustment	(2,348,849)	(3,639,985)	-	-	(2,348,849)	(3,639,985)
Financial assumption	(759,311)	189,968	-	-	(759,311)	189,968
	(3,108,160)	(3,450,017)	103,591	244,844	(3,004,569)	(3,205,173)
Others						
Benefit paid	(1,307,629)	(282,354)	1,307,629	282,354	-	-
Balance at December 31	P16,638,009	P17,326,085	(P6,200,507)	(P7,212,933)	P10,437,502	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	P1,373,445	P677,481
Financial assets at fair value through profit or loss - fixed income	4,850,682	6,507,591
Accrued other receivables	-	31,392
Withholding Tax Payable	(6,602)	(3,531)
Trust fee payable	(17,018)	-
	P6,200,507	P7,212,933

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

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

	Impact on Retirement Benefit Obligation		
	Change in Basis Points	Increase in Assumption	Decrease in Assumption
December 31, 2025			
Discount rate	100 basis points	(P2,033,625)	P2,456,970
Salary growth rate	100 basis points	2,467,425	(2,076,439)
December 31, 2024			
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

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

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	-	-	
TOTAL			P4,168,926	P334,598,528	

		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	-	-	
TOTAL			P6,461,708	P360,879,416	

- 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.

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:

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

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

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

Right-of-use Assets

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

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

Amounts recognized in statement of cash flows:

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

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:

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

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 or 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'.

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)
	(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.

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

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

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.

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

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

Unappropriated Retained Earnings, beginning of the reporting period		P114,238,331
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings		
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)	-	(84,338,726)
Unappropriated Retained Earnings, as adjusted		29,899,605
Add/Less: Net Income (loss) for the current year		10,316,857
Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
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)	-	
Sub-total		(4,466,419)

Forward

Add: <u>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)</u>		
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 -
Add: <u>Category C.3: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)</u>		
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		-
Adjusted Net Income/Loss		5,850,438
Add: <u>Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</u>		
Depreciation on revaluation increment (after tax)	-	
Sub-total		-

Forward

Add/Less: <u>Category E</u>: Adjustment related to relief granted by the SEC and BSP	
Amortization of the effect of reporting relief	P -
Total amount of reporting relief granted during the year	-
Others (describe nature)	-
Sub-total	P -
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution	
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	(6,048,406)
Total Retained Earnings, end of the reporting period available for dividend	P29,701,637

EXHIBIT II

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

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

EXHIBIT III

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

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

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
TOTAL	1,206,727	1,345,032	883,983	-	-	1,667,776

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	-	-	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

Forward

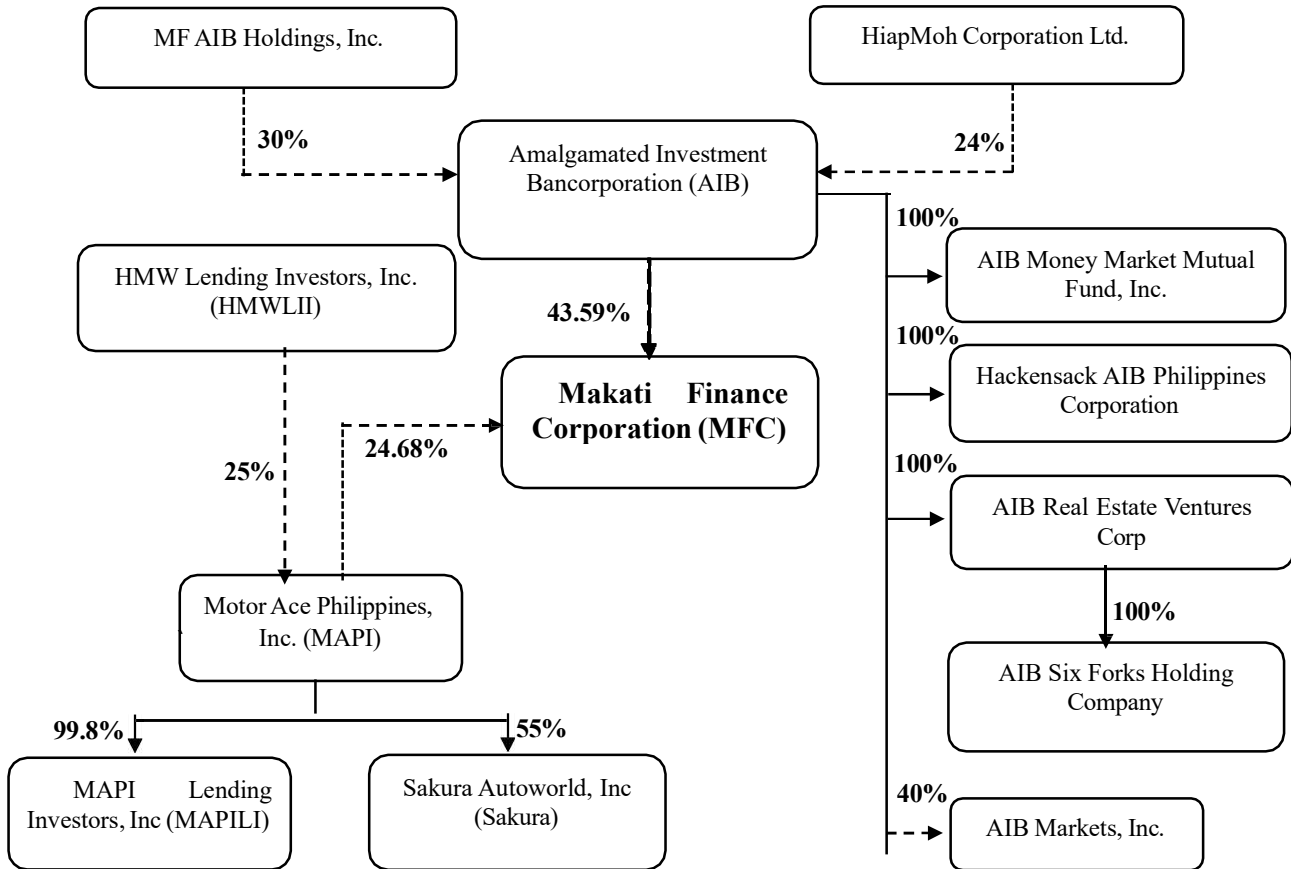
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related financial position caption	Number of shares reserved for options, warrants, conversion and other rights	No. of shares held by		
				Affiliates	Directors and Officers(Direct & Indirect)	Others
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,587	2,587	-	-	2,587	-
COMMON	2,587	2,587	-	-	-	2,587
COMMON	2,586	2,586	-	-	2,586	-
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	-
COMMON	1	1	-	-	1	-
COMMON	1	1	-	-	1	-
TOTAL	276,069,441	276,069,441	100%	219,726,567	11,970,557	44,372,317

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

Audit and Non-audit Fees of Other Related Entities (Section 2.1c)³

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

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.

¹ 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.

² 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.

³ 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.



MAKATI FINANCE
CORPORATION
MORE THAN JUST FINANCING

May 15, 2026

via eFAST

ictsubmission@sec.gov.ph

SECURITIES AND EXCHANGE COMMISSION

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

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

The Disclosure Department

THE PHILIPPINE STOCK EXCHANGE, INC.

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

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

Gentlemen:

We are sending herewith the Quarterly Report for the period ended March 31, 2026 (SEC Form 17-Q) of Makati Finance Corporation.

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

MAKATI FINANCE CORPORATION

Registrant

By:

CHARITO S. ESPIRITU
Chief Finance Officer/CIO

COVER SHEET

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S.E.C. Registration Number

M	A	K	A	T	I	F	I	N	A	N	C	E	C	O	R	P	O	R	A	T	I	O	N
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(Company's Full Name)

3	R	D	F	L	O	O	R	M	A	Z	D	A	M	A	K	A	T	I
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B	U	I	L	D	I	N	G	2	3	0	1	C	H	I	N	O	R	O	C	E	S
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B	A	R	A	N	G	A	Y	M	A	G	A	L	L	A	N	E	S
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A	V	E	N	U	E	M	A	K	A	T	I	C	I	T	Y	1	2	3	1
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(Business Address : No. Street/City/Province)

CHARITO S. ESPIRITU

Contact Person

(02) 7751-8132

Company Telephone Number

1	2
---	---

3	1
---	---

Month

Day

Fiscal Year

2026

SEC Form 17-Q 1 st Qtr. 2026 FORM TYPE
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FORM TYPE

0	7
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Month

Day

Annual Meeting

Every last
Thursday of July

Financing

Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

Amended Articles Number/Section

113

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

LCU

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2026**

2. Commission identification number **28788**

3. BIR Tax Identification No. **000-473-966**

MAKATI FINANCE CORPORATION

4. Exact name of issuer as specified in its charter

MAKATI CITY, PHILIPPINES

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

6. Industry Classification Code (SEC Use Only)

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

(0632) 7751-8132

8. Issuer's telephone number, including area code

7823 MAKATI AVENUE, POBLACION, MAKATI CITY 1210

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

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

COMMON STOCK

276,069,441*

**as reported by the stock transfer agent as of March 31, 2026*

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

Yes No

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

PHILIPPINE STOCK EXCHANGE Common Stock

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

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Item 1. Financial Statements

- Unaudited Interim Statements of Financial Position as of March 31, 2026 and 2025, and Audited Consolidated Statements of Financial Position as of December 31, 2025.
- Unaudited Interim Statements of Comprehensive of Income for the First Three Months ended March 31, 2026 and 2025, and Audited Consolidated Statements of Income as of December 31, 2025.
- Unaudited Interim Statement of Changes in Equity for the First Three Months ended March 31, 2026 and 2025, and Audited Consolidated Statement of Changes in Equity as of December 31, 2025.
- Unaudited Interim Statements of Cash Flows for the First Three Months Ended March 31, 2026 and 2025, and Audited Consolidated Statements of Cash Flows as of December 31, 2025.
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Item 3. Developments as of March 31, 2026

Item 4. Other Notes to 2026 Operations and

Item 5. Performance Indicators

Signature

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements. (See Annex A)

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

Key Variable and Other Qualitative and Quantitative Indicators

Financial Ratios (For the Quarter Ending March)

	2026	2025
NET INTEREST INCOME RATIO	6.37%	4.74%
EBIT MARGIN	252.30%	30.02%
RETURN ON ASSETS (ANNUALIZED)	-24.76%	1.68%
DEBT TO EQUITY	84.08%	93.50%
RETURN ON EQUITY (ANNUALIZED)	-44.44%	3.25%

Comparative Period: Q1 2026 vs Q1 2025

In the first quarter of 2026, the Company experienced a challenging financial performance compared to the same period in 2025, primarily driven by a significant decline in operating income due to substantial miscellaneous losses recognized during the period. This was primarily attributable to the loss recognized from the disposal of repossessed motorcycle inventories located in the Calauan warehouse as part of the Company's continuing asset clean-up and portfolio recovery efforts. Despite this, the Company maintained a relatively stable capital structure and improved net interest income efficiency.

Liquidity remained adequate, although total current assets decreased from ₱737.32 million in Q1 2025 to ₱542.74 million in Q1 2026. The decline was mainly attributable to lower loans and other receivables and a reduction in other current assets. However, cash balances improved significantly from ₱17.09 million to ₱30.56 million, providing additional short-term liquidity support. Current liabilities also declined substantially from ₱541.72 million to ₱423.04 million, mainly due to lower notes payable, which helped support the Company's overall liquidity position.

In terms of profitability, the Company recorded a net loss of ₱62.86 million in Q1 2026 compared to a net income of ₱4.80 million in Q1 2025. The decline was primarily caused by the recognition of ₱63.69 million in miscellaneous losses, largely arising from the disposal of repossessed motorcycle inventories in the Calauan warehouse under the Company's asset clean-up and portfolio recovery program. Interest income likewise decreased from ₱49.46 million to ₱37.81 million due to lower average loan portfolio levels during the period. Nonetheless, interest expense also declined from ₱9.14 million to ₱6.86 million, resulting in a stronger Net Interest Income Ratio of 6.37% in Q1 2026 compared to 4.74% in Q1 2025. This indicates improved efficiency in generating net interest income from earning assets despite reduced lending activity.

Operating expenses decreased slightly from ₱36.22 million to ₱34.09 million, reflecting management's continued efforts to control operating costs. Lower provisions for credit losses, taxes and licenses, management fees, and miscellaneous expenses helped offset increases in salaries and employee benefits, occupancy costs, commissions, and depreciation expenses. However, due to the significant decline in operating income, profitability ratios weakened considerably. Return on Assets (ROA) declined from positive 1.68% in Q1 2025 to negative 24.76% in Q1 2026, while Return on Equity (ROE) decreased from 3.25% to negative 44.44%, reflecting the impact of the net loss on the Company's overall financial performance.

On the capital structure side, the Company's debt-to-equity ratio improved from 93.50% in Q1 2025 to 84.08% in Q1 2026, indicating lower leverage and reduced dependence on borrowings. Total liabilities decreased by approximately ₱103.91 million, mainly due to lower notes payable, while total equity remained relatively stable at ₱534.35 million despite the net loss during the period. The improvement in leverage reflects the Company's continuing efforts to strengthen its financial position and manage its obligations prudently.

Overall, the Company's Q1 2026 results were significantly affected by losses recognized from the disposal of repossessed motorcycle inventories as part of management's asset clean-up initiative, resulting in lower profitability and negative earnings performance during the period. Nevertheless, the Company maintained adequate liquidity, improved its net interest income efficiency, and further reduced its leverage position. Moving forward, management remains focused on improving core operating performance, strengthening asset quality, enhancing collection efforts, and sustaining prudent cost management to support financial recovery and long-term stability.

Liquidity

The Company continues to maintain a prudent and proactive approach in managing its liquidity and working capital requirements. Management closely monitors cash flows, funding sources, and liquidity levels on a daily basis to ensure that the Company remains adequately funded to support its operational requirements, lending activities, and financial obligations as they fall due. Based on current projections and available funding sources, the Company does not anticipate any liquidity or cash flow concerns within the next twelve months.

Makati Finance Corporation maintains available credit facilities from its parent company, Amalgamated Investment Bancorporation, and various banking institutions, providing sufficient funding support and financial flexibility for its operational requirements, lending

activities, and short-term liquidity needs. As of March 31, 2026, the Company continues to have substantial undrawn credit lines available for future funding requirements and working capital support.

These available funding sources, together with continuing loan collections, bank borrowings, acceptance of private placements under the 19-lender rule, and intensified efforts in the disposal of acquired assets, are expected to adequately support the Company's liquidity requirements and ongoing operations.

Events that will Trigger Material Direct or Contingent Financial Obligation

There are no known events or circumstances that will trigger any material direct or contingent financial obligations that the Company may incur. Management continuously monitors the Company's financial position and obligations to ensure that all commitments remain manageable and adequately funded.

Material Off-Balance Sheet Transactions, Arrangements or Obligations

The Company has no material off-balance sheet transactions, arrangements, obligations, or relationships with unconsolidated entities that may have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Material Commitments for Capital Expenditure

As of March 31, 2026, the Company has no material commitments for capital expenditures outside the ordinary course of business. Management continues to evaluate potential capital expenditures based on operational requirements and strategic business considerations.

Results of Operations/Material Changes in Financial Statement Accounts

For the quarter ended March 31, 2026, the Company recorded a net loss of ₱62.86 million, a significant decline compared to the net income of ₱4.80 million recorded in the same period of 2025. The decrease in profitability was primarily attributable to the recognition of losses arising from the disposal of repossessed motorcycle inventories located in the Calauan warehouse as part of the Company's continuing asset clean-up and portfolio recovery efforts. This resulted in the recognition of ₱63.69 million in miscellaneous losses during the period.

Interest income declined by 24%, from ₱49.46 million in Q1 2025 to ₱37.81 million in Q1 2026, mainly due to lower average loan portfolio levels during the period. Consequently, net interest margin decreased from ₱40.32 million to ₱30.95 million. Despite the decline in interest income, interest expense likewise decreased by 25% from ₱9.14 million to ₱6.86 million due to lower borrowings. Service charges increased by 28% to ₱3.49 million from ₱2.73 million in the prior year. However, total other income declined substantially as a result of the aforementioned miscellaneous losses, resulting in total operating income of negative ₱29.24 million compared to positive ₱42.62 million in Q1 2025.

Operating expenses decreased by 6% year-on-year, from ₱36.22 million to ₱34.09 million, primarily due to lower provisions for credit losses, taxes and licenses, management and professional fees, and miscellaneous expenses. These reductions partially offset increases in salaries and employee benefits, occupancy costs, commissions, and depreciation and amortization expenses.

On the balance sheet, total assets stood at ₱983.61 million as of March 31, 2026, a decrease of 14% from ₱1.14 billion as of March 31, 2025. The decline was mainly attributable to lower current loans and receivables and the reduction in other current assets. Cash increased by 79% from ₱17.09 million to ₱30.56 million, strengthening the Company's immediate liquidity position. Investment properties increased by ₱5.97 million, while right-of-use assets increased significantly due to the recognition of additional lease arrangements during the period.

Total liabilities decreased from ₱553.17 million to ₱449.26 million, mainly due to lower notes payable. Meanwhile, total equity stood at ₱534.35 million as of March 31, 2026 compared to ₱591.61 million in the prior year, reflecting the impact of the net loss recognized during the period. Despite this decline, the Company's debt-to-equity ratio improved to 84.08% from 93.50%, indicating lower leverage and reduced dependence on borrowings.

Material Events or Uncertainties

The Company had no material foreign exchange transactions; hence, fluctuations in foreign exchange rates had no direct material effect on the Company's financial condition or results of operations. Management is not aware of any known trends, demands, commitments, events, or uncertainties that will materially affect the Company's liquidity or that are reasonably likely to have a material impact on its net income from continuing operations, except for the recognized losses related to the disposal of repossessed motorcycle inventories as part of the Company's asset recovery and clean-up initiatives.

The Company likewise has no material off-balance sheet transactions, arrangements, or obligations with unconsolidated entities.

PART II--OTHER INFORMATION

NOT APPLICABLE.

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

SIGNATURES

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



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

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

DateMay 14, 2026



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

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

Date May 14, 2026

ANNEX A

MAKATI FINANCE CORPORATION

**INTERIM FINANCIAL STATEMENTS
For the Period Ending March 31, 2026
With Comparative Figures for 2025**

MAKATI FINANCE CORPORATION
INTERIM STATEMENTS OF FINANCIAL POSITION
FOR THE PERIOD ENDING MARCH 31, 2026, 2025 AND DECEMBER 31, 2025

	Note	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Current assets				
Cash	7	30,563,017	20,713,027	17,088,988
Loans and other receivables, net	5, 8, 12	486,163,254	515,346,123	599,827,592
Other current assets, net	11	26,008,870	104,386,357	120,402,328
Total current assets		542,735,141	640,445,507	737,318,908
Noncurrent assets				
Loans and other receivables - net	5, 8, 12	251,552,511	218,846,665	251,163,413
Property and equipment - net	9	9,956,170	9,711,041	7,970,123
Investment properties	10	104,807,735	104,807,735	98,839,316
Right-of-use asset - net	22	25,001,900	25,001,900	4,546,617
Deferred tax assets - net	19	43,029,800	41,997,221	38,783,958
Other noncurrent assets, net	11	6,523,705	6,319,637	6,152,003
Total noncurrent assets		440,871,821	406,684,199	407,455,430
TOTAL ASSETS		P 983,606,962	P 1,047,129,706	P1,144,774,338
Current Liabilities				
Notes payable	5, 15	392,438,918	395,079,832	514,466,322
Accounts payable	5, 13, 21	1,720,109	2,249,181	372,460
Accrued expenses	14	16,007,892	14,362,206	16,477,698
Lease liabilities	22	9,577,770	9,577,770	3,960,368
Income tax payable		3,294,478	2,733,078	6,444,932
Total Current Liabilities		423,039,167	424,002,067	541,721,780
Noncurrent Liability				
Lease liabilities - net of current portion	22	15,484,204	15,484,204	1,033,684
Retirement benefit obligation, net	20	10,737,502	10,437,502	10,413,152
Total noncurrent liabilities		26,221,706	25,921,706	11,446,836
TOTAL LIABILITIES		P 449,260,873	P 449,923,773	P 553,168,616
Equity				
Capital Stock	16	276,069,441	276,069,441	273,900,122
Additional paid-in-capital		5,803,922	5,803,922	5,803,922
Retained Earnings:				
Appropriated	16	80,000,000	80,000,000	-
Unappropriated		159,031,166	221,891,010	300,713,545
Remeasurement gain on retirement benefit obligation		13,441,560	13,441,560	11,188,133
Total Equity		P 534,346,089	P 597,205,933	P 591,605,722
Total Liabilities and Equity		P 983,606,962	P 1,047,129,706	P 1,144,774,338

See Notes to the Financial Statements.

MAKATI FINANCE CORPORATION
INTERIM STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE PERIOD ENDING MARCH 31, 2026, 2025 AND DECEMBER 31, 2025

	Note	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
INTEREST INCOME	12	37,814,669	177,478,804	49,460,780
INTEREST EXPENSE	12	6,861,117	36,939,261	9,136,445
NET INTEREST INCOME		30,953,552	140,539,543	40,324,335
OTHER INCOME				
Service charges	12, 17	3,492,045	13,238,100	2,727,250
Fair value adjustment on investment properties	10, 12, 18	-	5,955,225	-
Miscellaneous income	12, 18	(63,688,758)	2,716,906	(428,236)
Total other income		(60,196,713)	21,910,231	2,299,014
TOTAL OPERATING INCOME		(29,243,161)	162,449,774	42,623,349
OPERATING EXPENSES				
Salaries and employee benefits		15,243,840	63,418,413	14,744,707
Provision for credit losses	8, 12	3,747,761	18,597,944	4,194,662
Taxes and licenses		3,163,170	10,690,107	3,539,914
Depreciation and amortization	9, 11, 12	1,306,435	14,522,457	652,135
Management and professional fees		1,268,299	8,166,544	1,873,053
Travel and transportation		954,316	3,341,599	1,089,583
Commission		1,362,498	4,853,431	982,238
Occupancy costs		3,073,776	1,548,276	2,897,815
Provision for impairment loss of repossessed assets	11	85,028	2,281,661	890,686
Entertainment, amusement and recreation		197,470	1,305,146	418,957
Miscellaneous expense	18	3,685,270	18,982,533	4,939,355
Total operating expenses	12	34,087,863	147,708,111	36,223,105
INCOME BEFORE INCOME TAX EXPENSE		(63,331,024)	14,741,663	6,400,244
INCOME TAX EXPENSE(BENEFIT)	12, 19	(471,179)	4,424,806	1,599,577
NET INCOME	16	(62,859,845)	10,316,857	4,800,667
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Item that may not be reclassified to profit or loss</i>				
Net remeasurement gain (loss) on retirement benefit obligation - net of tax		-	2,253,427	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		P (62,859,845)	P 12,570,284	P 4,800,667
BASIC AND DILUTED EARNINGS PER SHARE	16	(0.24)	0.04	0.02

See Notes to the Financial Statements.

MAKATI FINANCE CORPORATION

INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDING MARCH 31, 2026, 2025 AND DECEMBER 31, 2025

	Capital stock (Note 16)	Additional paid-in capital	Retained earnings (Note 16)		Remeasurement gain (loss) on retirement benefit obligation	Total equity
			Unappropriated	Appropriated		
Balances at January 31, 2024	271,961,630	5,803,922	285,327,523		7,982,960	571,076,035
Transactions with owners						
Stock dividends	1,938,492	-	-1,938,492		-	0
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 loss	-	-	-		3,205,173	3,205,173
Total comprehensive income (loss)	-	-	14,462,421		3,205,173	17,667,594
Balances at December 31, 2024	273,900,122	5,803,922	295,912,879		11,188,133	586,805,056
Balances at January 31, 2025	273,900,122	5,803,922	295,912,879	-	11,188,133	586,805,056
Transactions with owners						
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 loss	-	-	-		2,253,427	2,253,427
Total comprehensive income (loss)	-	-	10,316,857		2,253,427	12,570,284
Appropriation of retained earnings			-80,000,000	80,000,000		
Balances at December 31, 2025	276,069,441	5,803,922	221,891,010	80,000,000	13,441,560	597,205,933
Balances at January 31, 2026	276,069,441	5,803,922	221,891,010	80,000,000	13,441,560	597,205,933
Transactions with owners						
Stock dividends	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Comprehensive income						
Net income for the year	-	-	(62,859,845)	-	-	(62,859,845)
Other comprehensive loss	-	-	-	-	-	0
Total comprehensive income (loss)	-	-	(62,859,845)	-	-	(62,859,845)
Appropriation of retained earnings						
Balances at March 31, 2026	P276,069,441	P5,803,922	P159,031,166	P80,000,000	P13,441,560	P534,346,089

See Notes to the Financial Statements.

MAKATI FINANCE CORPORATION

INTERIM STATEMENTS OF CASH FLOWS

FOR THE PERIOD ENDING MARCH 31, 2026, 2025 AND DECEMBER 31, 2025

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
CASH FLOWS FROM OPERATING				
ACTIVITIES				
Income before income tax expense		(63,331,024)	14,741,663	6,400,244
Adjustments for:				
Provision for credit losses on loans and other receivables	8, 12	3,747,761	18,597,944	4,194,662
Depreciation and amortization	9, 11, 12, 22	1,306,435	14,522,457	652,135
Fair value change in investment properties	10, 18		- 5,955,225	-
Retirement benefits expense	20	300,000	3,328,919	300,000
Interest expense from lease liabilities	22		240,237	-
Provision for impairment loss of repossessed assets	11	85,028	2,281,661	890,686
Loss (gain) from sale of repossessed assets	11	66,433,987	10,252,173	2,836,659
Gain from sale of investment properties	10	-	-	-
Loss (gain) from sale of property and equipment	9	-	295,255	-
Gain on lease termination	22	-	-	-
Lease additions, net of modification		-	-	-
		8,542,187	58,305,084	15,274,386
Changes in:				
Loans and other receivables - net		(224,784)	52,919,067	2,817,574
Other current assets - net		12,390,784	42,945,962	- 11,705,639
Other noncurrent assets - net			- 38,863	-
Accounts payable		529,072	- 9,641,357	- 11,518,078
Accrued expenses		(1,174,507)	35,963,820	521,442
		20,062,752	180,453,713	- 4,610,315
Interest received		3,088	11,637	-
Interest paid		(6,133,890)	- 37,557,869	-
Income taxes paid		-	- 4,947,526	-
Net cash flows provided by (used) in) operating activities		13,931,950	137,959,955	- 4,610,315

Forward

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property and equipment	9	(1,061,306)	(6,912,884)	(1,579,877)
Computer software	11	(325,847)	(1,345,031)	226,521
Investment properties	10	-	(188,500)	(175,306)
Proceeds from disposals of:				
Property and equipment		-	2,698	-
Investment properties	10	-	-	-
Net cash (used in) provided by investing activities		(1,387,153)	(8,443,717)	(1,528,662)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of notes payable	15	30,750,381	144,716,375	68,266,436
Settlement of notes payable	15	(33,445,188)	(259,953,043)	(64,116,614)
Payment of lease liabilities	22	-	(10,475,279)	-
Cash dividends paid	16	-	(2,169,407)	-
Net cash (used in) provided by financing activities		(2,694,807)	(127,881,354)	4,149,822
NET INCREASE (DECREASE) IN CASH		9,849,990	1,634,884	(1,989,155)
CASH AT BEGINNING OF YEAR		20,713,027	19,078,143	19,078,143
CASH AT END OF YEAR		30,563,017	20,713,027	17,088,988

MAKATI FINANCE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

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 March 31, 2026, December 31, 2025, and March 31, 2025 the Company's closing price at the PSE amounts to P1.82, P1.80, and P1.63, per share, respectively.

As at March 31, 2026, December 31, 2025, and March 31, 2025, Amalgamated Investment Bancorporation and Motor Ace Philippines, Inc. own 43.47%, 43.47% and 43.59%, and 24.68%, 24.68% and 24.88% 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.

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.

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.

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.

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:

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Cash in banks	7	30,295,355	20,190,974	16,651,236
Loans and other receivables	8	851,409,199	844,138,460	996,519,992
Security deposits	11	4,763,086	4,651,862	4,733,792
		PP886,467,640	P 868,981,296	P 1,017,905,020

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:

UNAUDITED MAR. 31, 2026					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Loans Receivables*					
Current - No Past Due		0.00%	590,577,838	-	No
Past-Due - Not Impaired		7.16%	201,418,456	(60,304,432)	No
Past Due - Impaired or Fully Provided		6.34%	49,899,477	(53,389,001)	Yes
	8.00		P 841,895,772	(P113,693,433)	

December 31, 2025					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
<i>Loans Receivables*</i>					
Current - No Past Due		0.00%	P596,413,418	P -	No
Past-Due - Not Impaired		6.51%	184,719,277	(54,266,725)	No
Past Due - Impaired or Fully Provided		6.26%	52,334,686	(52,189,425)	Yes
	8		P833,467,381	(P106,456,150)	

UNAUDITED MAR. 31, 2025					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Loans Receivables*					
Current - No Past Due		0.00%	690,539,924.00	(516)	No
Past-Due - Not Impaired		4.91%	190,941,625.85	(48,115,903)	No
Past Due - Impaired or Fully Provided		9.49%	98,567,387.26	(92,998,477)	Yes
	8		P980,048,937	(P141,114,896)	

*includes accrued interest receivable and unearned interest income.

UNAUDITED MAR. 31, 2026					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Other Receivables*					
Current - No Past Due		-36.68%	9,513,425	(3,489,522)	No
Past-Due - Not Impaired		-	-	-	No
Past Due - Impaired or Fully Provided		-	-	-	No
	8		P9,513,425	P(3,489,522)	

December 31, 2025					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
<i>Other receivables</i>					
Current - No Past Due		32.70%	P10,671,079	(P3,489,522)	No
Past-Due - Not Impaired		0.00%	-	-	No
Past Due - Impaired or Fully Provided		0.00%	-	-	No
	8		P10,671,079	(P3,489,522)	

UNAUDITED MAR. 31, 2025					
	Note	Weighted Average Loss Rate	Gross Carrying Amount	Loss Allowance	Credit Impaired
Other Receivables*					
Current - No Past Due		-27.11%	16,471,050	(4,465,715)	No
Past-Due - Not Impaired			-	-	No
Past Due - Impaired or Fully Provided			-	-	Yes
	8		P16,471,050	(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.

	UNAUDITED MAR. 31, 2026		
	Up to One Year	Over One Year	Total
Financial Assets			
Cash in banks	30,295,355		30,295,355
Loans and other receivables	486,163,254	251,552,511	737,715,765
Security deposits	4,763,086		4,763,086
Total Financial Assets	P521,221,695	P251,552,511	P772,774,206
Financial Liabilities			
Notes payable	392,438,918		392,438,918
Accounts payable	1,720,109		1,720,109
Accrued expenses*	16,007,892		16,007,892
Lease liabilities	9,577,770	9,577,770	19,155,540
Total Financial Liabilities	P419,744,689	P9,577,770	P36,883,541
Total Maturity Gap	P101,477,006	P241,974,741	P735,890,665

	AUDITED DEC. 31, 2025		Total
	Up to One Year	Over One Year	
Financial Assets			
Cash in banks	20,190,974	-	20,190,974
Loans and other receivables	515,346,123	218,846,665	734,192,788
Security deposits	4,651,862	-	4,651,862
Total Financial Assets	P540,188,959	P218,846,665	P759,035,624
Financial Liabilities			
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
Total Financial Liabilities	P416,832,494	P18,000,318	P434,832,812
Total Maturity Gap	P123,356,465	P200,846,347	P324,202,812

*Excluding government payables

	UNAUDITED MAR. 31, 2025		Total
	Up to One Year	Over One Year	
Financial Assets			
Cash in banks	16,651,236	-	16,651,236
Loans and other receivables	599,827,592	251,163,413	850,991,005
Security deposits	4,733,792	-	4,733,792
Total Financial Assets	P621,212,620	P251,163,413	P872,376,033
Financial Liabilities			
Notes payable	514,466,322	-	514,466,322
Accounts payable	372,460	-	372,460
Accrued expenses*	16,477,698	-	16,477,698
Lease liabilities	3,960,368	1,033,684	4,994,052
Total Financial Liabilities	P535,276,848	P1,033,684	P21,844,210
Total Maturity Gap	P85,935,772	P250,129,729	P850,531,823

*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>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Cash in banks	5	30,295,355	20,190,974	16,651,236
Cash on hand		267,662	522,053	437,752
		P30,563,017	P20,713,027	P17,088,988

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

8. Loans and Other Receivables - net

The account consists of:

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Loans receivable		1,247,679,967	1,250,043,130	1,457,707,096
Accrued interest receivable		6,361,799	6,361,799	6,020,661
Other receivables		9,513,425	10,671,079	16,471,050
		1,263,555,191	1,267,076,008	1,480,198,807
Unearned interest income		(412,145,992)	(422,937,548)	(483,678,820)
	5	851,409,199	844,138,460	996,519,987
Allowance for ECL		(113,693,433)	(109,945,672)	(145,528,987)
	5, 12	P 737,715,765	P734,192,788	P850,991,000

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 P37.81million, P177.48 million and P49.46 million in March 31, 2026, December 31, 2025, and March 31, 2025, 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:

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Secured loans: Chattel mortgage	220,891,296	242,569,819	348,391,069
Real estate mortgage	3,569,467	3,682,128	3,766,033
Other collaterals	38,271,302	39,997,154	45,470,714
Total secured	262,732,066	286,249,101	397,627,816
Unsecured	588,677,133	557,889,359	598,892,171
	P851,409,199	P 844,138,460	P 996,519,987

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

The movements in the allowance for ECL are as follows:

UNAUDITED MAR. 31, 2026				
	Note	Loans Receivable	Other Receivables	Total
At January 1		106,601,310	3,489,522	110,090,832
Provision	12	3,602,601	-	3,602,601.00
Write-off		-	-	-
At March 31		P110,203,911	P 3,489,522	P113,693,433

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

UNAUDITED MAR. 31, 2025				
	Note	Loans Receivable	Other Receivables	Total
At January 1		136,868,609	4,465,715	141,334,324
Provision	12	4,194,662	-	4,194,662
Write-off		-	-	-
At MARCH 31		P 141,063,271	P4,465,715	P145,528,986

9. Property and Equipment - net

The movements in this account are as follows:

UNAUDITED MAR. 31, 2026				
Note	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
Cost				
At January 1	P26,768,909	P11,554,852	P8,914,539	P47,238,300
Additions	466,286	852,274	-	1,318,560
Disposals	-	-	-	-
At March 31	27,235,195	12,407,126	8,914,539	48,556,860
Accumulated Depreciation				
At January 1	22,256,124	10,651,363	4,619,772	37,527,259
Depreciation	541,704	203,900	327,827	1,073,431
Disposals	-	-	-	-
At March 31	22,797,828	10,855,263	4,947,599	38,600,690
Carrying Amount	P4,437,367	P1,551,863	P3,966,940	P9,956,170

AUDITED DEC. 31, 2025				
Note	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
Cost				
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
Accumulated Depreciation				
At January 1	20,417,899	9,835,760	3,851,034	34,104,693
Depreciation	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
Carrying Amount	P4,512,785	P903,489	4,294,767	P9,711,041

UNAUDITED MAR. 31, 2025				
Note	Furniture, Fixtures and equipment	Leasehold Rights and Improvements	Transportation Equipment	Total
Cost				
At January 1	P23,328,925	P11,554,852	P6,263,297	P41,147,074
Additions	304,843	-	1,220,000	1,524,843
Disposals	-	-	-	-
At March 31	23,633,768	11,554,852	7,483,297	42,671,917
Accumulated Depreciation				
At January 1	20,417,899	9,835,760	3,851,034	34,104,693
Depreciation	259,192	201,102	136,807	597,101
Disposals	-	-	-	-
At March 31	20,677,091	10,036,862	3,987,841	34,701,794
Carrying Amount	PP2,956,677	P1,517,990	P3,495,456	P7,970,123

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).

10. Investment Properties - net

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

The movements in this account are as follows:

	UNAUDITED	AUDITED	UNAUDITED
<i>Note</i>	MAR. 31, 2026	DEC. 31, 2025	MAR. 31, 2025
Beginning of year	104,807,735	98,664,010	98,664,010
Additions	-	188,500	175,306
Disposals	-	-	-
Fair value adjustment <i>18</i>	-	5,955,225	-
	P104,807,735	P104,807,735	P 98,839,316

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

	UNAUDITED	AUDITED	UNAUDITED
	MAR. 31, 2026	DEC. 31, 2025	MAR. 31, 2025
Fair value adjustment on investment property <i>18</i>	P-	P5,955,225	P-
Unrealized gain/loss on investment properties	-	0	-
Gain on sale of investment property <i>18</i>	-	-	-
	P-	P5,955,225	P-

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.

11. Other Assets - net

	Note	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Other Current Assets				
Repossessed assets - net	12	20,424,906	98,058,649	107,127,871
Prepaid expenses		5,583,964	6,327,708	13,274,457
		P 26,008,870	P104,386,357	P120,402,328
Other Noncurrent Assets				
Security deposits	5, 22	4,763,086	4,651,862	4,733,792
Software costs		1,760,619	1,667,775	1,418,215
		P 6,523,705	P 6,319,637	P6,152,007
		P32,532,575	P110,705,994	P126,554,335

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

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Cost			
Balance at beginning of year	101,397,886	144,863,341	155,158,086
Additions	7,892,441	46,883,319	18,825,791
Disposals	(85,441,155)	(57,594,507)	(18,597,270)
Write-off	-	(32,754,267)	-
Balance at end of year	P23,849,172	P101,397,886	P155,386,607
Allowance for Impairment Losses			
Balance at beginning of year	3,339,237.00	37,073,305	47,368,050
Provision for impairment loss	85,029.00	2,281,661	890,686
Reversal of impairment loss	-	(3,261,462)	-
Write-off	-	(32,754,267)	-
Balance at end of year	P3,424,266	P3,339,237	P48,258,736
Carrying amount at end of year	P20,424,906	P98,058,649	P107,127,871

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:

	Note	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Cost				
Balance at beginning of year		9,121,536	P7,776,505	7,776,505
Additions		325,847	1,345,031	266,522
Balance at end of year		P9,447,383	P 9,121,536	P 8,043,027
Accumulated Amortizations				
Balance at beginning of year		7,453,761	6,569,779	6,569,779
Amortization	12	233,003	883,982	55,033
Balance at end of year		P7,686,764	P7,453,761	P 6,624,812
		P 1,760,619	P1,667,775	P1,418,215

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:

UNAUDITED MAR. 31, 2026						
	Note	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables - net	5, 8	116,803,875	425,859,568	173,076,472	21,975,850	737,715,765
Repossessed assets - net				20,424,906		20,424,906
Results of operation Revenue						
Revenue						
Interest income	8	6,848,940	19,111,863	10,525,211	1,328,655	37,814,669
Other income (loss)	17, 18	670,001	3,335,604	(65,454,115)	1,251,797	(60,196,713)
Total		7,518,941	22,447,467	(54,928,904)	2,580,452	(22,382,044)
Expenses						
Interest expense		1,242,676	3,467,668	1,909,701	241,072	6,861,117
Provision for (Reversal of) ECL	8	678,789	1,894,151	1,043,140	131,681	3,747,761
Operating expenses	8	(10,192,342)	(30,428,787)	74,459,176	(3,497,945)	30,340,102
		(8,270,877)	(25,066,968)	77,412,016	(3,125,192)	40,948,980
Net operating income		15,789,818	47,514,435	(132,340,920)	5,705,644	(63,331,024)
Income tax expense	19	158,286	472,556	(1,156,344)	54,323	(471,179)
Net income		15,631,532	47,041,878	(131,184,576)	5,651,321	(62,859,845)
Total assets		133,262,694	604,470,822	220,781,136	25,092,310	983,606,962
Total liabilities		71,812,941	242,291,781	120,051,840	15,104,311	449,260,873
Other segment information						
Capital expenditures		210,768	711,115	352,347	44,330	1,318,560
Depreciation and amortization	9, 11, 22	208,830	704,576	349,107	43,923	1,306,435

AUDITED DEC. 31, 2025						
	Note	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
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						
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
		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

UNAUDITED MAR. 31, 2025						
	Note	Rx Cash Line	Business Loans and MFC Factors	Motor Vehicles Financing	Others	Total
Loans and other receivables - net	5, 8	102,970,713	440,496,449	277,129,087	30,394,755	850,991,004
Repossessed assets - net				107,127,871		107,127,871
Results of operation						
Revenue						
Interest income	8	8,389,039	19,041,723	21,830,060	199,958	49,460,780
Other income (loss)	17, 18	760,746	2,438,358	1,843,343	943,253	2,299,014
Total		9,149,785	21,480,081	19,986,717	1,143,211	51,759,794
Expenses						
Interest expense		1,549,632	3,517,406	4,032,471	36,937	9,136,446
Provision for (Reversal of) ECL	8	4,133,849	7,981	440,782	(387,950)	4,194,662
Operating expenses	8	3,875,472	16,578,807	10,430,208	1,143,956	32,028,443
		9,558,953	20,104,194	14,903,461	792,943	45,359,551
Net operating income	-	409,168	1,375,887	5,083,256	350,268	6,400,243
Income tax expense	19	102,394	343,757	1,270,655	87,559	1,804,365
Net Income	-	306,774	1,032,130	3,812,601	262,709	4,800,666
Total assets		113,596,550	584,791,828	412,854,685	33,531,275	1,144,774,338
Total liabilities		116,573,295	245,174,589	181,750,632	9,670,099	553,168,615
Other segment information Capital expenditures		321,341	675,839	501,007	26,656	1,524,843
Depreciation and amortization	9, 11, 22	137,429	289,038	214,267	11,400	652,134

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 March 31, 2026, December 31, 2025, and March 31, 2025, accounts payable amounted to P 1.72 million, P2.25 million and P.37 million, respectively.

14. Accrued Expenses

This account consists of:

	Note	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Accrued administrative expenses	5	5,172,447	3,338,754	2,838,187
Accrued taxes		3,045,883	3,905,789	3,554,986
Accrued management and professional fees	5	1,438,289	1,281,589	1,296,266
Accrued interest	5	1,897,313	1,170,085	2,408,748
Accrued rent	5	718,326	971,700	2,435,148
Insurance payable	5	658,822	743,214	1,772,816
Commissions and outside services	5	481,286	583,429	486,570
Others	5	2,595,526	2,367,646	1,684,977
		16,007,892	14,362,206	16,477,698

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:

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
At January 1	1,170,085	2,028,930	2,028,930
Interest expense	6,861,118	36,699,024	9,136,445
Interest payment	(6,133,890)	(37,557,869)	(8,756,628)
	P1,897,313	P1,170,085	P 2,408,747

Others mainly include accrual on utilities and travel and transportation.

15. Notes Payable

This account consists of:

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
At beginning of year	395,079,832	510,316,500	510,316,500
Availments	30,750,381	144,716,375	68,266,436
Payments	(33,445,188)	(259,953,043)	(64,116,614)
5	392,385,025	395,079,832	514,466,323

The table below shows the carrying amount of loans payable.

	UNAUDITED MAR. 31, 2026		
	Interest Rate	Term (Days)	Carrying Amount
Loans payable to:			
Related parties	7%	365	306,882,107
Banks	6.50% - 8.5%	180 - 365	49,916,666
Individuals/corporate	7%	365	35,640,145
			392,438,918
	Audited December 31, 2025		
	Interest Rate	Term (Days)	Carrying Amount
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
			P395,079,832

UNAUDITED			
MAR. 31, 2025			
	Interest Rate	Term (Days)	Carrying Amount
Loans payable to:			
Related parties	7%	365	404,327,104
Banks	7.25% - 8.5%	180-365	74,899,075
Individuals/corporate	7%	365	35,240,143
			514,466,322

Interest rates on notes payable range from 6.5%-8.5%, 6.95% to 8.75% and 7% to 8.5% in March 31, 2026, December 31, 2025 and March 31, 2025, 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:

	UNAUDITED MAR. 31, 2026		AUDITED DEC. 31, 2025		UNAUDITED MAR. 31, 2025	
	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	276,069,441	276,069,441	273,900,122	273,900,122	273,900,122	273,900,122
Stock dividends			2,169,319	2,169,319		
	276,069,441	276,069,441	276,069,441	276,069,441	273,900,122	271,961,630

Earnings Per Share

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

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

		UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Net income for the year	-	62,859,843.00	10,316,857	4,800,667.00
Weighted average number of outstanding common shares (after impact of stock dividend)		276,069,441	276,069,441	273,900,122
Basic and diluted earnings per share	-	0.23	P0.04	0.02

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	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Processing fees		2,895,526	10,927,369	2,458,619
Pre-termination fees		594,432	2,302,090	266,497
Others		2,087	8,641	2,134
	12	3,492,045	13,238,100	2,727,250

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.

18. Miscellaneous Income and Expenses

Miscellaneous Income

This account consists of the following:

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Penalties		1,599,104	6,268,558	1,613,767
Unrealized gain/loss on investment properties	10	-	5,955,225	-
Gain on investment properties	10	-	-	-
Others		(65,287,862)	(3,551,652)	(2,042,002)
	12	(63,688,758)	8,672,131	(428,235)

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:

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Repairs and maintenance	568,852	5,250,852	1,707,485
Communication	681,186	3,068,807	753,758
Stationaries and supplies	467,241	2,178,374	711,142
Others	1,967,989	8,484,500	1,766,971
	3,685,268	18,982,533	4,939,356

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.

19. Income Taxes

The components of income tax expense are as follows:

	<i>Note</i>	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Recognized in Profit or Loss				
Current		561,400	P9,735,548	2,945,914
Deferred		(1,032,580)	(5,310,742)	(1,346,337)
	12	(471,179)	P4,424,806	1,599,577
Recognized in Other Comprehensive Income (OCI)				
Deferred		0	P751,142	0

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

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Income before income tax expense	(63,331,024)	P14,741,663	6,400,244
Income tax expense at statutory income tax rate -25%	(15,832,756)	P3,685,416	1,600,061
Adjustments for:			
Interest income subjected to final tax	(3,088)	(2,327)	(704)
Impact of PFRS 16	-	740,808	-
Non-deductible interest expense	618	909	220
Effective income tax expense	(15,835,226)	P4,424,806	1,599,577

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

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Deferred tax assets			
Allowance for credit losses	37,803,829	39,983,067	36,382,246
Allowance of repossessed assets write-down	8,838,742	9,838,742	8,791,085
Accrued expenses	4,802,368	3,590,551	4,119,424
Retirement expense	3,360,518	3,360,518	2,603,288
Impairment loss on investment properties	484,283	484,283	222,672
PFRS 16	2,394,443	2,394,443	1,248,513
	57,684,183	59,651,604	53,367,228
Deferred tax liabilities:			
Remeasurement gain on defined benefit obligation	2,548,176	3,548,176	2,797,033
Fair value increase in investment properties	12,106,207	14,106,207	11,786,237
	14,654,383	17,654,383	14,583,270
Deferred tax assets - net	43,029,800	41,997,221	38,783,958

Movements in deferred tax assets are as follows:

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Beginning of the year	41,997,221	37,437,621	37,437,621
Amounts charged to profit or loss	1,032,579	5,310,742	1,346,337
Amounts charged to OCI	-	(751,142)	-
End of the year	43,029,800	41,997,221	38,783,958

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	P17,326,085	P17,524,485	(P7,212,933)	(P7,299,197)	P10,113,152	P10,225,288
Included in Profit or Loss						
Current service cost	2,674,287	2,454,463	-	-	2,674,287	2,454,463
Interest cost (income)	1,053,426	1,079,508	(398,794)	(440,934)	654,632	638,574
	3,727,713	3,533,971	(398,794)	(440,934)	3,328,919	3,093,037
Included in OCI						
Remeasurements losses (gains):						
Actuarial loss arising from:						
Return on plan assets, excluding interest income	-	-	103,591	244,844	103,591	244,844
Experience adjustment	(2,348,849)	(3,639,985)	-	-	(2,348,849)	(3,639,985)
Financial assumption	(759,311)	189,968	-	-	(759,311)	189,968
	(3,108,160)	(3,450,017)	103,591	244,844	(3,004,569)	(3,205,173)
Others						
Benefit paid	(1,307,629)	(282,354)	1,307,629	282,354	-	-
Balance at December 31	P16,638,009	P17,326,085	(P6,200,507)	(P7,212,933)	P10,437,502	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	P1,373,445	P677,481
Financial assets at fair value through profit or loss - fixed income	4,850,682	6,507,591
Accrued other receivables	-	31,392
Withholding Tax Payable	(6,602)	(3,531)
Trust fee payable	(17,018)	-
	P6,200,507	P7,212,933

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

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

	Impact on Retirement Benefit Obligation		
	Change in Basis Points	Increase in Assumption	Decrease in Assumption
December 31, 2025			
Discount rate	100 basis points	(P2,033,625)	P2,456,970
Salary growth rate	100 basis points	2,467,425	(2,076,439)
December 31, 2024			
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

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

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	-	-	
TOTAL			P4,168,926	P334,598,528	

		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	
Availments		-	-	-	Unsecured; interest-bearing; 1-year or less term
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	-	-	
TOTAL			P6,461,708	P360,879,416	

- 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.

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:

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

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

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

Right-of-use Assets

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

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

Amounts recognized in statement of cash flows:

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

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'.

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	(P36,625,146)	P33,241,573	(P3,383,573)
Interest paid	-	(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.

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

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
Expanded withholding tax	1,325,718	6,857,686	1,744,593
Withholding tax on compensation	733,801	2,356,719	630,900
Final withholding tax	12,500	46,491	-
	2,072,019	9,260,896	2,375,493

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.

	UNAUDITED MAR. 31, 2026	AUDITED DEC. 31, 2025	UNAUDITED MAR. 31, 2025
GRT	2,165,156	9,668,953	2,729,681
DST	367,744	1,528,313	232,522
DST on stock dividends	-	21,693	-
License and permit fees	308,855	1,072,991	276,801
	2,841,755	12,291,950	3,239,004

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.

Certification

I, **Charito S. Espiritu**, (Compliance Officer/CFO) of **Makati Finance Corporation** with SEC registration No. 28788 with principal office at 3F Mazda Makati Building 2301 Chino Roces Ave., Brgy. Magallanes, Makati City, in oath state:

- 1) That on behalf of **Makati Finance Corporation**, I have caused this **SEC Form 17-Q Quarterly Report ended March 31, 2026** to be prepared;
- 2) That I read and understood its content which are true and correct of my own personal knowledge and/or based on true records;
- 3) That the Makati Finance Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents file online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

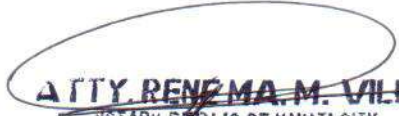
IN WITNESS WHEREOF, I have hereunto set my hand this ^{14 MAY 2026} 15th day of May 2026.


CHARITO S. ESPIRITU
Affiant

SUBSCRIBED AND SWORN to before me this ^{14 MAY 2026} _____ day of May 2026,

NOTARY PUBLIC

DOC. NO. 97
PAGE NO. 20
BOOK NO. XXV
SERIES OF 2026


ATTY. RENE MA. M. VILLA
NOTARY PUBLIC OF MAKATI CITY
APPOINTMENT NO M-110
(REND 2025-2026)
UNTIL DECEMBER 31, 2026
PTR NO. 10767221-01-05-2026; MAKATI CITY
IBP LIFETIME NO. 013595; 12-27-2013; I.C.
RON NO. 37226
MCLE COMPLIANCE NO. VIII-0010751; 03-27-2024
GROUND FLOOR, MAKATI TERRACES CONDOMINIUM
COR. MAKATI TERRACES, MAKATI CITY

MINUTES OF THE ANNUAL
STOCKHOLDERS' MEETING OF

MAKATI FINANCE CORPORATION

held through remote communication
on 24 July 2025 at 11:00 a.m.

Total Number of Shares Outstanding	273,900,122
Total No. of Shares of Stockholders Participating Remotely	11,967,416
<i>Percentage</i>	4.37%
Total No. of Shares of Stockholder Represented by Proxy	155,870,923
<i>Percentage</i>	56.91%
Total Shares held by Stockholders Participating Remotely and by Proxy	167,838,339
<i>Percentage</i>	61.28%
Total Shares Not Represented	106,061,783
<i>Percentage</i>	38.72%

Directors Present

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

Officers Present

DANILO ENRIQUE O. CO	Corporate Secretary and Legal Counsel
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PROCEEDINGS

I. CALL TO ORDER

Mr. Robert Charles M. Lehmann, the Chairman of Makati Finance Corporation, called the meeting to order. Atty. D. Enrique O. Co, the Corporate Secretary, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND DETERMINATION OF QUORUM

The Corporate Secretary, Atty. Co, certified that Notices of this meeting were sent to the Stockholders of record as of 26 June 2025, in accordance with SEC Notice dated 12 March 2025 on Alternative Mode for Distributing and Providing Copies of the Notice of the Meeting. The Corporate Secretary certified that there is a quorum for the meeting, with stockholders owning

167,838,339 shares or 61.28% of the total outstanding capital stock, being present through remote communication or by proxy. Atty. Co added that in accordance with the requirements of the Securities and Exchange Commission (SEC), this meeting shall be recorded.

The Corporate Secretary, Atty. Co, acknowledged the presence of the other incumbent members of the Board of Directors, namely Messrs. Max O. Borromeo, Maxcy Francisco Jose R. Borromeo, Joel S. Ferrer, Carmen Therese L. Benitez, Jose Daniel R. Borromeo, Alan Michael R. Cruz, Vincent Ee, and Asterio L. Favis Jr.,

Likewise, upon the request of the Chairman to explain to the Stockholders the voting procedure for this meeting, Atty. Co explained that unless required by law, or upon motion by any stockholder, voting need not be done by ballot. Instead, approvals may be made through the appropriate motion duly seconded, by the shareholders. The Corporate Secretary shall tabulate the results of any matter submitted for approval during the meeting.

III. MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING HELD ON 25 JULY 2024

The Chairman informed the shareholders that the Minutes of the 2024 Annual Stockholders' Meeting was previously distributed to the stockholders who have successfully registered for the meeting. The Chairman opened the floor for questions and comments from the stockholders. The Chairman then entertained a motion for the approval of the Minutes.

Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the motion. As such, the motion was carried and the Minutes of the Annual Stockholders' Meeting held on 25 July 2024 was deemed unanimously approved by the shareholders as detailed below:

AGENDA	APPROVE		DISAPPROVE		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of the Minutes of the Annual Stockholders' Meeting held on 25 July 2024	167,838,339	61.28%	0	0	0	0

IV. 2024 ANNUAL REPORT AND 2024 AUDITED FINANCIAL STATEMENTS

The 2024 Annual Report and 2024 Audited Financial Statements have been previously distributed to the Stockholders. The Chairman opened the floor for questions and comments from the stockholders.

The Chairman thereafter entertained a motion for the approval of the 2024 Annual Report together with the 2024 Audited Financial Statements. Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the motion. As such, the motion was carried and the 2024 Annual Report together with the 2024 Audited Financial Statements were deemed unanimously approved by the shareholders as detailed below:

AGENDA	APPROVE		DISAPPROVE		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of the 2024 Annual Report and 2024 Audited Financial Statements	167,838,339	61.28%	0	0	0	0

V. RATIFICATION OF ACTS, CONTRACTS, INVESTMENTS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT

The matters for ratification have been previously distributed to the Stockholders as contained in the Definitive Information Statement. The Chairman opened the floor for questions and comments from the stockholders.

The Chairman thereafter entertained a motion for the ratification of all of the acts, contracts, investments and resolutions of the Board of Directors and management, since the previous annual stockholders' meeting held on 25 July 2024 up to the present, as reflected in the books and records of the Corporation.

Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the motion. As such, the motion was carried and the ratification of all of the acts, contracts, investments and resolutions of the Board of Directors and management, since the previous annual stockholders' meeting held on 25 July 2024 up to the present, as reflected in the books and records of the Corporation were deemed unanimously approved by the shareholders as detailed below:

AGENDA	APPROVE		DISAPPROVE		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ratification of all the acts, contracts, investments, and resolutions of the Board of Directors and Management	167,838,339	61.28%	0	0	0	0

VI. DECLARATION OF DIVIDENDS

The Chairman informed the shareholders that the Board of Directors, consistent with the Corporation's dividend policy, had previously approved the declaration of cash dividends and stock dividends and requested for a similar approval from the shareholders. The Chairman opened the floor for questions and comments from the stockholders. The Chairman thereafter entertained a motion for the approval of the following resolutions on the declaration of cash dividends and stock dividends:

Cash Dividends:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation declare cash dividends in the aggregate amount of Two Million One Hundred Sixty Nine Thousand Three Hundred Sixty Three Pesos and Fifteen Centavos (Php2,169,363.15) out of the net profits of the Corporation as of 31 December 2024, in favor of the stockholders of record of the Corporation as of 22 August 2025 in proportion to their shareholdings in the Corporation, with a payment date of not later than 17 September 2025.

“RESOLVED, FURTHER, that Management be authorized to implement the dividend declaration in accordance with the foregoing resolution.”

Stock Dividends:

“RESOLVED, AS IT IS HEREBY RESOLVED, that the Corporation declare stock dividends in the maximum amount of Php2,169,363.15 worth of shares out of the unrestricted retained earnings of the Corporation as of 31 December 2024 in favor of the stockholders of record of the Corporation as of 22 August 2025 in proportion to their shareholdings in the Corporation, with a payment date of not later than 17 September 2025. The declaration is equivalent to 0.7920270842% stock dividends based on the Corporation's current issued and outstanding capital stock of 273,900,122 shares.

“RESOLVED, FURTHER, that the Corporation be authorized to file an application for listing of shares of stock issued out of the stock dividends with the Philippine Stock Exchange, net of any resulting fractional shares which shall be paid in cash by the Corporation.

“RESOLVED, FURTHER, that Management be authorized to implement the dividend declaration in accordance with the foregoing resolutions and that the Corporate Secretary of the Corporation be as he is hereby authorized to file any and all reports, papers and documents with the Securities and Exchange Commission and Philippine Stock Exchange, and to do any and all acts necessary and proper to carry out the foregoing resolutions.

“RESOLVED FURTHER, that the Chairman, Vice Chairman, President, or Chief Operating Officer of the Corporation is hereby authorized to change the record date and payment/listing date as may at his / her discretion and judgment, be to the best interest of

the Corporation, and/or for the purpose of complying with the Revised Listing Rules of the Philippine Stock Exchange, the Implementing Rules and Regulations of the Securities and Exchange Commission and other pertinent regulations, and to determine and approve other matters not expressly covered by these resolutions, for the purpose of giving full force and effect thereto.

“RESOLVED, FINALLY, that any and all previous resolutions inconsistent with the foregoing are hereby deemed superseded.”

Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the motion. As such, the motion was carried and the foregoing resolutions on the declaration of cash dividends and stock dividends were deemed unanimously approved by the shareholders as detailed below:

AGENDA	APPROVE		DISAPPROVE		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Declaration of Cash and Stock Dividends	167,838,339	61.28%	0	0	0	0

VII. ELECTION OF DIRECTORS

Upon request of the Chairman, the Corporate Secretary informed the stockholders that in accordance with the Corporation's Articles of Incorporation and Manual of Corporate Governance, the Nomination Committee has evaluated and shortlisted the following nominees as Directors of the Corporation. The Committee also determined that the nominees possess the qualifications and none of the disqualifications to serve as Directors of the Corporation. The professional backgrounds of the nominees are contained in the Corporation's Definitive Information Sheet previously distributed to the shareholders. The Corporate Secretary then nominated the following:

Max O. Borrromeo
Joel S. Ferrer
Carmen Therese L. Benitez
Maxcy Francisco Jose R. Borrromeo
Jose Daniel R. Borrromeo
Alan Michael R. Cruz *
Robert Charles M. Lehmann
Asterio L. Favis Jr. *
Cristino L. Panlilio
Vincent Ee
Irineo A. Cases, Jr.*

**Independent Directors*

Upon motion duly made and seconded, there being exactly eleven (11) nominees for the eleven (11) Board seats, the nomination was closed. The Chairman opened the floor for questions and comments from the stockholders. The Chairman then entertained a motion for the election of the eleven (11) nominees as Directors of the Corporation for the ensuing year until their successors shall have been elected. Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the election. As such, the motion was carried and the nominees were deemed elected by all of the shareholders present or represented at the meeting, as follows:

AGENDA: ELECTION OF DIRECTORS	FOR		AGAINST		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Max O. Borromeo	167,838,339	61.28%	0	0	0	0
Joel S. Ferrer	167,838,339	61.28%	0	0	0	0
Carmen Therese L. Benitez	167,838,339	61.28%	0	0	0	0
Maxcy Francisco Jose R. Borromeo	167,838,339	61.28%	0	0	0	0
Jose Daniel R. Borromeo	167,838,339	61.28%	0	0	0	0
Alan Michael R. Cruz*	167,838,339	61.28%	0	0	0	0
Robert Charles M. Lehmann	167,838,339	61.28%	0	0	0	0
Asterio L. Favis Jr. *	167,838,339	61.28%	0	0	0	0
Cristino L. Panlilio	167,838,339	61.28%	0	0	0	0
Vincent Ee	167,838,339	61.28%	0	0	0	0
Irineo A. Cases, Jr.*	167,838,339	61.28%	0	0	0	0

VIII. APPOINTMENT OF INDEPENDENT EXTERNAL AUDITORS

Upon request for the Chairman, the Corporate Secretary, Atty. Co, informed the Shareholders that after due deliberation and consistent with good governance, the Audit Committee recommends the appointment of Isla Lipana & Co. - PricewaterhouseCoopers Philippines (PwC), as the Corporation's External Auditors for the fiscal year 2025. The Audit Committee Chair presented the following resolution for approval of the shareholders:

“RESOLVED, AS IT IS HEREBY RESOLVED, that Isla Lipana & Co. PricewaterhouseCoopers Philippines (PwC) be appointed as the Corporation's External Auditors for the fiscal year 2025.”

The Chairman opened the floor for questions and comments from the stockholders. The Chairman then entertained a motion for the appointment of Isla Lipana & Co. PricewaterhouseCoopers Philippines (PwC), as the Corporation's External Auditors for the fiscal year 2025. Upon motion duly made and seconded, the Chairman ascertained that there were no objections to the motion. As such, the motion was carried and the appointment of Isla Lipana & Co. PricewaterhouseCoopers Philippines (PwC), as the Corporation's External Auditors for the fiscal year 2025 was approved, as detailed below:

AGENDA	APPROVE		DISAPPROVE		ABSTAIN	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Appointment of Isla Lipana & Co. PricewaterhouseCoopers Philippines (PwC), as the External Auditors for the fiscal year 2025	167,838,339	61.28%	0	0	0	0

IX. OTHER MATTERS AND ADJOURNMENT

The Chairman opened the floor for any other questions or comments from the shareholders. There being no further questions or comments, the Chairman informed the shareholders that there were no further matters to discuss, and the meeting was, on motion duly made and seconded, adjourned.

CERTIFIED CORRECT:

D. ENRIQUE O. CO
Corporate Secretary

ATTESTED:

ROBERT CHARLES M. LEHMANN
Chairman