

**East West Insurance  
Brokerage, Inc.**  
*(A Wholly Owned Subsidiary of  
East West Banking Corporation)*

Financial Statements  
December 31, 2025 and 2024

and

Independent Auditor's Report



## **INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors  
East West Insurance Brokerage, Inc.

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

#### **Opinion**

We have audited the financial statements of East West Insurance Brokerage, Inc., a wholly-owned subsidiary of East West Banking Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

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

#### **Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's 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 the audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to the audits of financial statements of public interest entities in the Philippines. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **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.



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

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

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

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

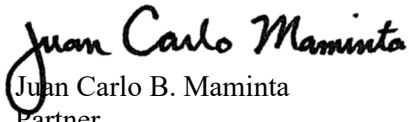
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



### Report on the Supplementary Information Required under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of East West Insurance Brokerage, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta  
Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

SEC Partner Accreditation No. 115260-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements,  
with extension up to audit of 2025 financial statements

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10765079, January 2, 2026, Makati City

April 8, 2026



**EAST WEST INSURANCE BROKERAGE, INC.**  
**(A Wholly-Owned Subsidiary of East West Banking Corporation)**

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**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Notes 5 and 15)	<b>₱181,893,195</b>	₱128,756,802
Receivables (Note 6)	<b>11,470,101</b>	16,393,693
Financial assets at amortized cost (Note 7)	<b>10,000,000</b>	–
Other current assets (Note 10)	<b>13,668,804</b>	12,137,743
	<b>217,032,100</b>	157,288,238
<b>Noncurrent Assets</b>		
Financial assets at amortized cost (Note 7)	<b>20,000,000</b>	30,000,000
Property and equipment (Note 8)	<b>1,779,847</b>	888,233
Intangible asset (Note 9)	<b>2,192,258</b>	2,095,500
Right-of-use asset (Note 17)	<b>7,132,061</b>	748,601
Receivables (Note 6)	<b>467,822</b>	785,677
Deferred tax asset (Note 16)	<b>467,531</b>	2,686,386
Other noncurrent asset (Note 10)	<b>501,920</b>	561,920
	<b>32,541,439</b>	37,766,317
<b>TOTAL ASSETS</b>	<b>₱249,573,539</b>	₱195,054,555
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable, accrued and other liabilities (Notes 11 and 15)	<b>₱12,024,771</b>	₱8,951,059
Contract liability (Note 12)	<b>1,547,049</b>	2,734,818
Payable to insurance companies (Note 12)	<b>24,799,847</b>	16,025,680
Current portion of lease liability (Notes 15 and 17)	<b>1,306,863</b>	962,301
	<b>39,678,530</b>	28,673,858
<b>Noncurrent Liabilities</b>		
Noncurrent portion of lease liability (Notes 15 and 17)	<b>6,148,272</b>	–
<b>TOTAL LIABILITIES</b>	<b>45,826,802</b>	28,673,858
<b>Equity</b>		
Capital stock (Note 13)	<b>30,000,000</b>	30,000,000
Retained earnings (Note 13)	<b>173,746,737</b>	136,380,697
<b>TOTAL EQUITY</b>	<b>203,746,737</b>	166,380,697
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱249,573,539</b>	₱195,054,555

*See accompanying Notes to Financial Statements.*



**EAST WEST INSURANCE BROKERAGE, INC.**  
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**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>INCOME</b>		
Commission income (Note 12)	<b>₱98,069,006</b>	₱97,989,341
Interest income (Notes 5, 6, 7 and 15)	<b>7,772,617</b>	7,487,668
Other income	<b>264,129</b>	2,474,986
	<b>106,105,752</b>	107,951,995
<b>EXPENSES</b>		
Compensation and fringe benefits	<b>46,809,523</b>	44,262,069
Depreciation (Notes 8 and 17)	<b>2,042,839</b>	2,327,750
Taxes and licenses	<b>951,036</b>	1,008,388
Messengerial and janitorial services	<b>712,435</b>	971,591
Power, light and water	<b>448,521</b>	333,690
Management and professional fees	<b>389,827</b>	504,076
Stationery and office supplies	<b>370,109</b>	232,829
Postage, telephone and telegraph	<b>348,226</b>	348,944
Insurance	<b>191,384</b>	173,314
Repairs and maintenance	<b>155,155</b>	137,365
Amortization of intangible asset (Note 9)	<b>15,439</b>	16,104
Provision for doubtful accounts (Note 6)	–	5,524,957
Miscellaneous (Note 14)	<b>3,210,173</b>	1,082,524
	<b>55,644,667</b>	56,923,601
<b>INCOME BEFORE INCOME TAX</b>	<b>50,461,085</b>	51,028,394
<b>PROVISION FOR INCOME TAX</b> (Note 16)	<b>13,095,045</b>	11,863,377
<b>TOTAL COMPREHENSIVE INCOME*</b>	<b>₱37,366,040</b>	₱39,165,017

\* There were no other comprehensive income in 2025 and 2024

*See accompanying Notes to Financial Statements.*



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**STATEMENTS OF CHANGES IN EQUITY**

	<b>Capital Stock</b> (Note 13)	<b>Retained Earnings</b> (Note 13)	<b>Total</b>
<b>Balance at January 1, 2025</b>	<b>₱30,000,000</b>	<b>₱136,380,697</b>	<b>₱166,380,697</b>
Total comprehensive income for the year	–	<b>37,366,040</b>	<b>37,366,040</b>
<b>Balance at December 31, 2025</b>	<b>₱30,000,000</b>	<b>₱173,746,737</b>	<b>₱203,746,737</b>
<b>Balance at January 1, 2024</b>	₱30,000,000	₱247,215,680	₱277,215,680
Cash Dividend (Note 13)	–	(150,000,000)	(150,000,000)
Total comprehensive income for the year	–	39,165,017	39,165,017
<b>Balance at December 31, 2024</b>	₱30,000,000	₱136,380,697	₱166,380,697

*See accompanying Notes to Financial Statements.*



**EAST WEST INSURANCE BROKERAGE, INC.**  
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**STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱50,461,085</b>	₱51,028,394
Adjustments for:		
Interest income (Notes 5, 6, 7 and 15)	<b>(7,772,617)</b>	(7,487,668)
Depreciation (Notes 8 and 17)	<b>2,042,839</b>	2,327,750
Amortization of intangible asset (Note 9)	<b>15,439</b>	16,104
Accretion of lease liability (Notes 14 and 17)	<b>292,531</b>	129,390
Changes in operating assets and liabilities:		
(Increase) decrease in the amounts of:		
Receivables (Note 6)	<b>5,241,446</b>	41,890,547
Other current assets	<b>(13,092,611)</b>	(14,375,852)
Other noncurrent assets (Note 10)	<b>2,278,856</b>	60,000
Increase (decrease) in the amounts of:		
Accounts payable, accrued and other liabilities (Note 11)	<b>3,073,712</b>	(20,643,734)
Contract liability (Note 12)	<b>(1,187,768)</b>	217,646
Payable to insurance companies (Note 12)	<b>8,774,168</b>	(38,365,172)
Net cash used in operating activities	<b>50,127,080</b>	14,797,405
Interest received	<b>7,772,617</b>	7,487,668
Income taxes paid	<b>(1,533,497)</b>	(1,467,117)
Net cash provided by operating activities	<b>56,366,200</b>	20,817,956
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceed from disposal of:		
Transportation equipment	<b>300,000</b>	–
Acquisitions of:		
Intangible asset (Note 9)	<b>(112,197)</b>	(2,095,500)
Property and equipment (Note 8)	<b>(1,693,400)</b>	(179,500)
Net cash used in investing activities	<b>(1,505,597)</b>	(2,275,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease liability (Note 17)	<b>(1,724,210)</b>	(1,899,431)
Cash dividend (Note 13)	<b>–</b>	(150,000,000)
Net cash used in financing activities	<b>(1,724,210)</b>	(151,899,431)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>53,136,393</b>	(133,356,475)
<b>CASH AT BEGINNING OF YEAR</b>	<b>128,756,802</b>	262,113,277
<b>CASH AT END OF YEAR (Note 5)</b>	<b>₱181,893,195</b>	₱128,756,802

*See accompanying Notes to Financial Statements.*



**EAST WEST INSURANCE BROKERAGE, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

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**1. Corporate Information**

East West Insurance Brokerage, Inc. (the Company) was incorporated and registered with the Securities and Exchange Commission (SEC) on July 6, 2015, primarily to act as a broker in soliciting, negotiating, and forwarding applications for fire, marine, engineering, automobiles, trucks and other motor vehicles, aviation and risk management services, mortgage redemption, credit, floater, casualty, accident, health, burglary, rent, disability, life and all other kinds of insurance, and to collect payments of premiums on such policies.

The Company is a wholly-owned subsidiary of East West Banking Corporation (EWBC), a local universal bank listed in the Philippine Stock Exchange (PSE). The Company's ultimate parent company is A.L. Gotianun, Inc.

On September 16, 2015, the Company received its value-added tax (VAT) registration from the Bureau of Internal Revenue (BIR).

On September 23, 2015, the Company received its license to act as insurance broker from the Insurance Commission (IC).

The Company's principal place of business is at 3<sup>rd</sup> floor, The Beaufort, 5<sup>th</sup> Avenue corner 23<sup>rd</sup> Street, Bonifacio Global City, Taguig City.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The accompanying financial statements of the Company have been prepared on a historical cost basis. The financial statements are presented in Philippine Peso (₱), the Company's functional and presentation currency. All amounts are rounded off to the nearest peso unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

The Company qualifies as a small and medium-sized entity (SME) based on the criteria set by the SEC. However, the Company availed of the exemption from mandatory adoption of the PFRS for SMEs on the basis that the Company is a wholly-owned subsidiary of EWBC, which reports under full PFRS.

Current versus Non-current Classification

The Company presents its statement of financial position based on current and non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading.
- expected to be realized within twelve months after the reporting period; or



- cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

#### Adoption of New and Amended PFRS

##### *(a) Standards Issued but not yet Effective*

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Company intends to adopt the following pronouncements when they become effective.

##### *Effective beginning on or after January 1, 2026*

- Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, *Disclosures about Uncertainties in the Financial Statements*
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards—Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

##### *Effective beginning on or after January 1, 2027*

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*
- Amendments to PAS 21, *Translation to a Hyperinflationary Presentation Currency*

##### *Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*



### 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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

### Financial Instruments - Initial Recognition and Subsequent Measurement

#### *Date of recognition*

The Company recognizes financial instruments when, and only when, the Company becomes a party to the contractual terms of the financial instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Company. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Company, and (b) the derecognition of an asset



and recognition of any gain or loss on disposal on the day that it is delivered by the Company. Deposits, amounts due to banks and customers, and receivables are recognized when cash is received by the Company.

*Classification of financial instruments*

Financial instruments are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), financial assets and financial liabilities at fair value through profit or loss (FVTPL) and other financial liabilities.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Other financial liabilities are recognized at fair value, net of directly attributable transaction costs.

The Company has no financial instruments at FVOCI and at FVTPL as of December 31, 2025 and 2024.

a. Financial assets at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any allowance for credit losses, with the calculated interest recognized as interest income in the statement of comprehensive income. The Company's financial assets at amortized cost include 'Cash in bank', 'Receivables', 'Financial assets at amortized cost' and 'Rental Deposits' presented under other current assets.

b. Other Financial Liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial measurement, other financial liabilities are measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the effective interest rate.



The Company's other financial liabilities include 'Contract liability', 'Payable to insurance companies', 'Lease liability' and other financial liabilities under 'Accounts payable, accrued and other liabilities'.

#### Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead, recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For financial assets measured at amortized cost, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash in banks, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

#### Derecognition of Financial Assets and Financial Liabilities

##### *Financial assets*

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control over the asset.



Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

#### *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

#### Related Parties

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 other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

#### Cash

Cash includes cash in bank and cash on hand with original maturities of three months or less from dates of placements and that are subject to insignificant risks of changes in value.

#### Commission Receivables

In its capacity as an insurance broker, the Company collects insurance premiums from policyholders and, after deducting its commissions, remits the insurance premiums to various insurance companies. Policy holder may also tends to remit its insurance premiums directly to insurance companies wherein the latter collected the premiums including the commission portions which is payable to the broker. The commission portion collected by the insurance companies is considered as earned commission of the Company and is/are collectible at the future date.

#### Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Initially, an item of property and equipment is measured at its cost, which comprises its purchase price and any directly attributable costs of bringing the asset to the location and condition for its intended use. Subsequent costs that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Company. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which these are incurred.



Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the assets. The EUL of the assets are as follows:

Transportation equipment	5 years
IT equipment	2-5 years
Office equipment	2-5 years

The EUL and depreciation method are reviewed at each reporting date to ensure that the periods and method of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment.

When an item of property and equipment is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is reflected in profit or loss.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

An item of intangible assets is derecognized when the asset is disposed of, or when the future economic benefits expected from its use or disposal is no longer probable. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized as gains or losses on sale of non-financial assets in profit or loss in the period when the asset is derecognized.

#### *Computer software*

Costs that are directly associated with the identifiable software controlled by the Company and will generate economic benefits exceeding costs beyond one year are recognized as intangible assets.

Expenditures which enhance or extend the performance of the computer software beyond their original specifications are recognized as capital improvements and added to the original cost of the computer software. Computer software costs recognized as assets are amortized using the straight-



line method over the EUL of 5 years. Where an indication of impairment exists, the carrying amount of computer software is assessed and written down immediately to its recoverable amount.

#### Impairment of Nonfinancial Assets

An assessment is made at each statement of financial position date whether there is any indication of impairment of property and equipment or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is charged against the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the said asset.

The following criteria are also applied in assessing impairment of specific assets:

#### *Property, equipment and right-of-use asset*

The carrying values of the property, equipment and right-of-use asset are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

#### Contract Liability

Contract liability includes unamortized/unearned portion of the income from claims handling services. Claims handling service fees are recognized over the contract period.

#### Payable to insurance companies

Premiums Payable to insurance companies pertain to premiums collected from policyholders but not yet remitted to insurance companies.

#### Leases

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use asset representing the right to use the underlying assets.

##### *Right-of-use asset*

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments



made at or before the commencement date and lease incentives received, if any. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation' in the statement of income.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The EUL for right-of-use asset is 5 years.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

#### *Lease liabilities*

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### *Company as a lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is acting as an agent in its revenue arrangements because it does not control the specified goods or services before these are transferred to the customer. Therefore, the Company's revenue is the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.



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

*Commission income*

The Company recognizes commission income at a point in time upon collection of premiums from policyholders. The placement of an insurance policy, collection of premiums from policyholders and remittance of these collections to insurance companies are considered as a single distinct performance obligation. For the Company, commission income is recognized at the point in time when the Company has satisfied its performance obligation which is upon collection of premiums from policyholders. The obligation to remit is considered insignificant in relation to the other components of the performance obligation because the timing of remittance to insurance companies rests on the discretion of the insurance brokers and agents.

Consequently, a portion of the consideration received from commissions is allocated to the claims handling services of the Company and the related revenue is recognized over time and amortized over the contract period as the Company performs the services. Any unamortized/unearned portion of the income from claims handling services as of yearend is presented as 'Contract liability'.

Premiums collected are remittable to the insurer within the credit term 90 days upon receipt of the insurance policy.

*Interest income*

Interest is recognized on a time proportion basis computed based on the outstanding principal balance using the applicable effective interest rate.

Expense Recognition

Expenses are recognized when decreases in future economic benefits related to decreases in assets or increases of liabilities have arisen and expenses can be measured reliably. Expenses are recognized as they are incurred.

Income Tax

*Current taxes*

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

*Final taxes*

Final tax represents the 20.00% final withholding tax on interest income from the Company's Cash in bank and Investment securities at amortized cost.

*Deferred taxes*

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position 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, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability



in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current tax and deferred tax relating to items recognized directly in equity is recognized in other comprehensive income and not in the statement of income.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period 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 statement of financial position date.

#### VAT and Deferred Output VAT

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

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

Deferred output VAT pertains to the amount of Output VAT on sales on credit which have not yet been collected as at statement of financial position date.

The amount of VAT payable to the taxation authority is included in 'Accounts payable, accrued and other liabilities' in the statement of financial position.

#### Equity

##### *Common stock*

Common stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

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. Incremental costs incurred as necessary part of completing an equity transaction are accounted for as deductions from additional paid-in capital. If the additional paid-in capital account is not sufficient, the excess is deducted from retained earnings.

##### *Retained earnings*

Retained earnings represent accumulated earnings of the Company.

#### Contingencies

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

#### Events after the Statement of Financial Position Date

Post year-end events that provide additional information about the Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.



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### 3. Significant Accounting Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

a) *Determination of the lease term for lease contracts with renewal and termination options (Company as a lessee)*

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that includes extension and termination options, the Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset).

Upon adoption of PFRS 16, the Company determined that generally, the options to extend or terminate the lease to extend or terminate the lease are not included in the determination of the lease term. These optional periods are not enforceable, as the Company cannot enforce the extension of the lease without the agreement from the lessor, and therefore, the Company does not have the right to use the asset beyond the non-cancellable period.

b) *Identifying performance obligations in brokerage agreements with claims handling services*

The Company provides brokerage services that are either sold separately or bundled together with claims handling services. Brokerage services consist of promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to insurance companies. Claims handling services are a promise to transfer services in the future over the claims period and are part of the negotiated exchange between the Company and the insurance companies.

The Company determined that for brokerage services, the promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to insurance companies are considered as a single distinct performance obligation as these represent a combined output and the Company would not be able to satisfy its performance obligation by transferring each of the services independently. For claims handling services, the Company determined that it is a separate and distinct performance obligation because the services are distinct within the context of the contract and are performed beyond the placement of insurance policies, collection and remittance of premiums. Claims handling services qualify as a series of



distinct performance obligation that are substantially the same and that have the same pattern of transfer to insurance companies. For some of the Company's contracts, the transaction price for claims handling services fees are embedded in the amount of commission that will be received by the Company. Consequently, the Company allocated a portion of the transaction price to the claims handling services based on estimated cost. The amount of contract liability is disclosed in Note 12.

c) *Principal versus agent considerations*

The Company enters into contracts with insurance companies to arrange for the provision of the specified service (i.e., place or sell insurance policies, collect premiums from policyholders and remit the amount collected to insurance companies). The Company determined that it does not control the specified goods or service (i.e., insurance policies) provided by the insurance companies before these are transferred to the customer (i.e., policyholder). The following factors indicate that the Company does not control the goods before they are being transferred to customers.

Therefore, the Company determined that it is acting as broker in these contracts.

- The Company is not primarily responsible for fulfilling the promise to provide the insurance coverage to policyholders.
- The Company has no discretion in establishing the price for the insurance policies.
- The Company's consideration in the contracts with insurance companies is only the commission amount based on the specified percentage of premiums collected from the policyholders.

In addition, the Company concluded that it transfers control over its services at a point in time, upon inception of the policy, because this is when the insurance companies has a right to demand payment from policy holders.

The carrying value of 'Payable to insurance companies' is disclosed in Note 12.

Estimate

The key assumption concerning future and other key sources of estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) *Estimating the incremental borrowing rate*

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure its lease liability. The incremental borrowing rate for lease liability is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Company 'would have to pay', which requires estimation where no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates its respective incremental borrowing rates for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

As of December 31, 2025 and 2024, the carrying amount of lease liability amounted to ₱7.46 million and ₱0.96 million, respectively, as disclosed in Note 17.



#### 4. Financial Risk Management Objectives and Policies

##### Governance Framework

Risk management is an integral part of the Company's strategic decision-making process, which ensures that the Company's corporate objectives are consistent with the appropriate risk and return trade-off. The Company's risk management philosophy is that all risks taken must be identified, measured, monitored and managed within a risk management framework and that returns must be commensurate with the risks taken.

The main purpose of the Company's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The exposure to credit and liquidity risks arises in the normal course of the Company's business activities.

##### *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from the Company's financial assets, which comprise of cash in bank, receivables and Financial assets at amortized cost.

The Company's credit risk mainly comes from receivables representing uncollected commissions for insurance policies sold. These receivables are actively monitored on an ongoing basis to ensure its collectability in order to reduce the Company's exposure to bad debts. With respect to credit risk arising from cash in bank and Financial assets at amortized cost, the Company's exposure to credit risk is minimal as the bank deposit is maintained with EWBC only while the Financial assets at amortized cost consists of investment in a government security which is a risk-free investment.

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

*High-grade* - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

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

*Impaired* - This pertains to the recorded full provision to recognize allowance for credit losses from claims advances from Oriental Assurance Corporation (see Note 6).

The credit quality of financial assets as of December 31, 2025 and 2024 are as follows:

	2025			Total
	High-grade	Satisfactory	Impaired	
Cash in bank	₱181,873,195	₱-	₱-	₱181,873,195
Commission receivables	-	10,479,510	-	10,479,510
Receivable from employees	-	1,224,228	-	1,224,228
Other receivables	-	234,185	-	234,185
Financial assets at amortized cost	30,000,000	-	-	30,000,000
	<b>₱211,873,195</b>	<b>₱11,937,923</b>	<b>₱-</b>	<b>₱223,811,118</b>



	2024			Total
	High-grade	Satisfactory	Impaired	
Cash in bank	₱128,736,802	₱–	₱–	₱128,736,802
Commission receivables	–	15,256,064	–	15,256,064
Receivable from employees	–	1,502,446	–	1,502,446
Other receivables	–	420,860	5,524,957	5,945,817
Financial assets at amortized cost	30,000,000	–	–	30,000,000
	₱158,736,802	₱17,179,370	₱5,524,957	₱181,441,129

The Company caters to various customers, both individuals and corporates, hence exposure to concentration risk is minimal.

The carrying values of the Company's financial assets as reflected in the statements of financial position and related notes already represent the financial assets' maximum exposure to credit risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance its operations and to mitigate the effects of fluctuation in cash flows.

The tables below summarize the maturity profile of the Company's financial assets and liabilities based on contractual repayment arrangements:

	2025			Total
	On Demand	Within 12 Months	More than 12 Months	
<b>Financial Assets</b>				
Cash	₱62,752,506	₱119,811,899	₱–	₱182,564,405
Receivables	–	11,937,923	–	11,937,923
Financial assets at amortized cost	–	11,412,500	25,012,500	36,425,000
Rental deposit (Note 10)	–	–	421,920	421,920
	62,752,506	143,162,322	25,434,420	231,349,248
<b>Financial Liabilities</b>				
Accounts payable, accrued and other liabilities (Note 11)	–	6,926,751	–	6,926,751
Contract liability	–	1,547,049	–	1,547,049
Payable to insurance companies (Note 12)	–	24,799,847	–	24,799,847
Lease liability	–	1,793,664	6,834,084	8,627,748
	–	35,067,311	6,834,084	41,901,395
<b>Net Liquidity Gap*</b>	<b>₱62,752,506</b>	<b>₱108,095,011</b>	<b>₱18,600,336</b>	<b>₱189,447,853</b>

\*The Company expects to generate cashflows sufficient to cover the liabilities due within 12 months.

	2024			Total
	On Demand	Within 12 Months	More than 12 Months	
<b>Financial Assets</b>				
Cash	₱24,519,940	₱105,073,215	₱–	₱129,593,155
Receivables	–	17,179,370	–	17,179,370
Financial assets at amortized cost	–	1,500,000	34,925,000	36,425,000
Rental deposit (Note 10)	–	–	421,920	421,920
	24,519,940	123,752,585	35,346,920	183,619,445

(Forward)



	2024			Total
	On Demand	Within 12 Months	More than 12 Months	
<b>Financial Liabilities</b>				
Accounts payable, accrued and other liabilities (Note 11)	₱—	₱7,352,782	₱—	₱7,352,782
Contract liability (Note 12)	—	2,734,818	—	2,734,818
Payable to insurance companies (Note 12)	—	16,025,680	—	16,025,680
Lease liability	—	976,850	—	976,850
	—	27,090,130	—	27,090,130
<b>Net Liquidity Gap*</b>	<b>₱24,519,940</b>	<b>₱96,662,455</b>	<b>₱35,346,920</b>	<b>₱156,529,315</b>

\*The Company expects to generate cashflows sufficient to cover the liabilities due within 12 months.

### Fair Value Measurement

Due to the short-term nature of the Company's financial instruments, their fair values approximate their carrying values, except for Financial assets at amortized cost with fair value of ₱29.60 million and ₱29.48 million as of December 31, 2025 and 2024. As of December 31, 2025 and 2024, the fair value of the Financial assets at amortized cost is categorized at Level 1.

As of December 31, 2025 and 2024, ₱6.83 million and nil of the Company's lease liability is due more than 12 months (see Note 17). The fair value of the lease liability as of December 31, 2025 and 2024 for ₱8.63 million and ₱0.98 million, respectively is categorized at Level 3 of the fair value hierarchy.

The methods and assumptions used by the Company in estimating the fair values of the above financial instruments follow:

*Financial assets at amortized cost* - Fair value is based on quoted market price.

*Lease liability* - Fair values are estimated using the current incremental borrowing rate which is the sum of BVAL tenor rate and credit spread rate as the discount rate.

## 5. Cash

This account consists of the following:

	2025	2024
Cash in bank	<b>₱181,873,195</b>	₱128,736,802
Cash on hand	<b>20,000</b>	20,000
	<b>₱181,893,195</b>	₱128,756,802

Cash in bank pertains to regular checking and savings accounts maintained with EWBC that earn annual interest rate of 0.13% in 2025 and 2024 and peso time deposits maintained with EWBC that earn annual interest rates ranging from 4.350%-5% in 2025 and from 5.375%-5.875% in 2024.

In 2025 and 2024, interest income from the deposits and placements with EWBC amounted to ₱6.17 million and ₱5.84 million, respectively (see Note 16).



## 6. Receivables

This account consists of the following:

	2025	2024
<b>Current</b>		
Commission receivables	<b>₱10,479,510</b>	₱15,256,064
Receivables from employees	<b>756,406</b>	716,769
Other receivables	<b>234,185</b>	5,945,817
	<b>11,470,101</b>	21,918,650
<b>Noncurrent</b>		
Receivables from employees	<b>467,822</b>	785,677
	<b>467,822</b>	785,677
Allowance for credit losses	–	(5,524,957)
	<b>₱11,937,923</b>	₱17,179,370

Commission receivables pertain to the portion of commissions already earned but not yet received by the Company from the insurance companies. This usually arises when policyholders pay premiums directly to the insurance companies.

Receivables from employees represent the share of employees in the car plan provided by the Company with fixed interest rate of 5.25% and personal loan with fixed interest rate of 8%. In 2025 and 2024, interest income on receivables from employees amounted to ₱105,132 and ₱152,063, respectively.

Other receivables include claims advances and receivables from insurance companies. As of December 31, 2025 and 2024, claims advances from Oriental Assurance Corporation (OAC) amounted to nil and ₱5.52 million, respectively. In 2024, Oriental Assurance Corporation received a cease-and-desist order from the Insurance Commission. The Company recorded full provision to recognize allowance for credit losses from Oriental Assurance Corporation in 2024.

On May 5, 2025, the Company and OAC signed an agreement for the offsetting of claims advances amounting ₱5.52 million and premium payables amounting to ₱3.45 million. The remaining balance amounting to ₱2.07 million was written off during the year.

## 7. Financial assets at amortized cost

	2025	2024
<b>Current</b>		
Financial assets at amortized cost	<b>₱10,000,000</b>	₱–
	<b>10,000,000</b>	–
<b>Noncurrent</b>		
Financial assets at amortized cost	<b>20,000,000</b>	30,000,000
	<b>20,000,000</b>	30,000,000
	<b>₱30,000,000</b>	₱30,000,000

As of December 31, 2025, the Company has a government security with a total face value of ₱30.00 million. The security bears interest of 3.50-5.75% per annum and will mature on September 20, 2026 and March 7, 2028. Interest income amounted to ₱1.5 million in 2025 and 2024.



## 8. Property and Equipment

The composition of and movements in the Company's property and equipment follow:

	2025			Total
	Office Equipment	IT Equipment	Transportation Equipment	
<b>Cost</b>				
Balance at beginning of year	₱298,391	₱2,617,910	₱1,800,000	₱4,716,301
Additions	32,500	55,900	1,605,000	1,693,400
Disposals	–	–	(1,800,000)	(1,800,000)
As at end of the year	330,891	2,673,810	1,605,000	4,609,701
<b>Accumulated Depreciation</b>				
Balance at beginning of year	285,391	2,072,677	1,470,000	3,828,068
Depreciation	20,042	398,244	83,500	501,786
Disposals	–	–	(1,500,000)	(1,500,000)
As at end of the year	305,433	2,470,921	53,500	2,829,854
<b>Net Book Value</b>	<b>₱25,458</b>	<b>₱202,889</b>	<b>₱1,551,500</b>	<b>₱1,779,847</b>

	2024			Total
	Office Equipment	IT Equipment	Transportation Equipment	
<b>Cost</b>				
Balance at beginning of year	₱285,391	₱2,451,410	₱1,800,000	₱4,536,801
Additions	13,000	166,500	–	179,500
Disposals	–	–	–	–
As at end of the year	298,391	2,617,910	1,800,000	4,716,301
<b>Accumulated Depreciation</b>				
Balance at beginning of year	284,439	1,603,081	1,110,000	2,997,520
Depreciation	952	469,596	360,000	830,548
Disposals	–	–	–	–
As at end of the year	285,391	2,072,677	1,470,000	3,828,068
<b>Net Book Value</b>	<b>₱13,000</b>	<b>₱545,233</b>	<b>₱330,000</b>	<b>₱888,233</b>

As of December 31, 2025, and 2024, the cost of fully depreciated property and equipment still in use by the Company amounted to ₱1.86 million and ₱1.75 million, respectively.

## 9. Intangible Asset

The composition of and movements in the intangible asset follow:

	2025	2024
<b>Cost</b>		
Balance at January 1	₱9,905,502	₱7,810,002
Additions	112,197	2,095,500
As of December 31	10,017,699	9,905,502
<b>Accumulated Amortization</b>		
Balance at January 1	7,810,002	7,793,898
Amortization for the year	15,439	16,104
As of December 31	7,825,441	7,810,002
<b>Net Book Value</b>	<b>₱2,192,258</b>	<b>₱2,095,500</b>

In 2024, the Company entered into a new agreement with Simpson Softwares Private Limited for the development of a new system named SAIBAOnline Global Edition. Initial payment was made on September 17, 2024, for the License fee and Implementation charges. As of



December 31, 2025, the development of the new system is ongoing, with customization and configuration activities still in progress. The system is expected to go live in 2027.

## 10. Other Assets

This account consists of:

	2025	2024
<b>Current</b>		
Creditable withholding tax	₱13,628,404	₱12,056,943
Prepaid tax and licenses	40,400	80,800
	<b>13,668,804</b>	12,137,743
<b>Noncurrent</b>		
Security deposit	421,920	421,920
Prepaid expense and car plan equity	80,000	140,000
	<b>501,920</b>	561,920
	<b>₱14,170,724</b>	₱12,699,663

Creditable withholding tax arises from taxes withheld by insurance companies on commissions earned by the Company. In 2025 and 2024, the Company applied creditable withholding tax (tax credits) amounting to ₱9.34 million and ₱12.33 million, respectively, against its current income tax liability.

## 11. Accounts Payable, Accrued and Other Liabilities

This account consists of:

	2025	2024
<b>Financial Liabilities</b>		
Unapplied and excess payments from clients	₱1,559,509	₱1,766,997
Advances from EWBC	2,768,906	2,480,331
Accounts payable	1,506,772	146,186
Others	1,034,467	2,959,268
	<b>6,869,654</b>	7,352,782
<b>Nonfinancial Liabilities</b>		
Unearned commission income	4,139,994	-
VAT payable	781,249	1,170,770
Withholding tax payable	225,797	419,430
Fringe benefit tax payable	8,077	8,077
	<b>5,155,117</b>	1,598,277
	<b>₱12,024,771</b>	₱8,951,059

Unapplied and excess payments from clients pertain to excess payments/collections from policyholders and payments/collections from policyholders for corresponding insurance policies not yet issued or processed as of yearend. Based on the Company's standard practice, corresponding insurance policies related to the unapplied payments are usually issued or processed within one to six months.



Advances from EWBC primarily pertains to amounts due to EWBC for payments made relating to various expenses of the Company (Note 16).

Accounts payable includes vouchers payable, refunds and stale checks.

Others include accrued referral fees, SSS and medical care payable, accrued professional fees, bonus and other expenses.

Unearned commission income represents commissions received in advance from policyholders for insurance policies with inception dates in 2026 that have not yet been earned.

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## 12. Contract Liability and Payable to insurance companies

### Contract Liability

This account includes unamortized/unearned portion of the income from claims handling services. As discussed in Note 2, claims handling service fees are recognized over the contract period.

The changes and movements in contract liability in 2025 and 2024 are as follows:

	2025	2024
Balance as of January 1	₱2,734,818	₱2,517,173
Deferred during the year	1,438,669	2,607,084
Recognized to income during the year	(2,626,438)	(2,389,439)
Balance as of December 31	<u>₱1,547,049</u>	<u>₱2,734,818</u>

The remaining performance obligations are expected to be recognized for more than one year.

For the period ended December 31, 2025 and 2024, the commission income recognized amounting to ₱98.07 million and ₱97.99 million, respectively, include the earned portion of the contract liability amounting to ₱2.63 million in 2025 and ₱2.39 million in 2024.

### Payable to insurance companies

Payable to insurance companies represent insurance premiums collected, net of commissions earned, to be remitted to various insurance companies within 90 days from the inception dates of the insurance policies.

As of December 31, 2025 and 2024, payable to insurance companies amounted to ₱24.8 million and ₱16.03 million, respectively.

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## 13. Equity

### Common Stock

Common stock consists of:

	Shares	Amount
<b>Common stock - ₱10.00 par value</b>		
Authorized	5,000,000	₱50,000,000
Issued and outstanding	3,000,000	30,000,000



On May 18, 2015, the Bangko Sentral ng Pilipinas approved EWBC's initial investment in the Company amounting to ₱30.00 million.

On July 6, 2015, the Company was authorized by the SEC to issue 5,000,000 common shares at ₱10.00 par value.

On April 12, 2024, the BOD declared cash dividends amounting to ₱150.00 million. The dividends were paid in two tranches amounting to ₱50.00 million and ₱100.00 million on April 30, 2024 and May 23, 2024, respectively.

#### Capital Management

The primary objective of the Company's capital management is to ensure that it maintains adequate capital in order to support its business and maximize shareholder value.

In May 2006, the IC issued Insurance Memorandum Circular (IMC) 1-2006 integrating the compliance standards for the capitalization requirements for insurance brokers and reinsurance brokers. Under this IMC, adequate capitalization for existing brokers and new entrants is essential to attaining sustainable levels of profitability and for the long-term growth of the country's insurance industry. Effective July 1, 2006, any new entrant intending to do business either as an insurance broker or reinsurance broker must have a paid-up capitalization of ₱20.00 million and thereon, must maintain a net worth of at least ₱20.00 million. As of December 31, 2025 and 2024, the Company is in compliance with the capital requirements of IC.

The Company's sources of capital follow:

	2025	2024
Common stock	₱30,000,000	₱30,000,000
Retained earnings	173,746,737	136,380,697
	<b>₱203,746,737</b>	<b>₱166,380,697</b>

#### 14. Miscellaneous Expenses

##### Miscellaneous Expenses

This account consists of:

	2025	2024
Recruitment fees	₱1,395,244	₱-
Interest on lease liability (Note 17)	292,531	129,390
Anniversary and christmas party-related expenses	577,356	198,212
Transportation and travel	515,220	274,336
Association dues	260,282	226,174
Meetings and representation expenses	141,803	36,744
Educations and trainings	27,737	217,668
Total	<b>₱3,210,173</b>	<b>₱1,082,524</b>

Recruitment fees pertain to a one-time payment incurred by the Parent Bank for placement services related to the appointment of the new President during 2025.



## 15. 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 other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

In 2025 and 2024, the Company's related party transactions pertain to transactions with EWBC as summarized below:

2025			
Category	Amount	Outstanding Balances	Terms and Conditions/Nature
Cash in bank	P-	P181,873,195	Regular checking and Savings account with
Deposits (Withdrawals)	53,136,393	-	annual interest rate of 0.13% and peso time deposit with annual interest ranging from 4.35% to 5% (Note 5)
Interest income	6,167,485	-	Interest income earned on deposit with EWBC (Note 5)
Accounts payable, accrued and other liabilities	345,671	2,768,906	Expenses paid by EWBC on behalf of the Company (Note 11)
Lease liability	-	8,627,748	Expenses paid by the Company for lease of office space with EWBC (Note 17)
Interest expense on lease liability	292,531	-	Interest expense incurred on lease of office space with EWBC (Note 17)
Depreciation expense on right-of-use asset	1,541,053	-	Depreciation expense incurred on lease of office space with EWBC (Note 17)
2024			
Category	Amount	Outstanding Balances	Terms and Conditions/Nature
Cash in bank	P-	P128,736,802	Regular checking and Savings account with
Deposits (Withdrawals)	133,356,475	-	annual interest rate of 0.13% and peso time deposit with annual interest ranging from 5.375% to 5.875% (Note 5)
Interest income	5,835,605	-	Interest income earned on deposit with EWBC (Note 5)
Other receivables	21,905,180	-	Premiums paid by EWIB to Insurance Partners on behalf of EWBC (Note 6)
Other receivables	12,876,466	-	Receivables from FLI due to overpayment of referral fees; current and unimpaired (Note 6)
Accounts payable, accrued and other liabilities	897,320	2,480,331	Expenses and office equipment paid by EWBC on behalf of the Company (Note 11)
Lease liability	-	976,850	Expenses paid by the Company for lease of office space with EWBC (Note 17)
Interest expense on lease liability	129,390	-	Interest expense incurred on lease of office space with EWBC (Note 17)
Depreciation expense on right-of-use asset	1,497,202	-	Depreciation expense incurred on lease of office space with EWBC (Note 17)

## 16. Income Tax

On March 26, 2021, Republic Act (RA) No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% depending on the criteria set by the law effective July 1, 2020. With the implementation of this Act, interest expense allowed as a deductible expense shall be reduced by 20.00% of the interest income subjected to final tax, compared to the 33.00% reduction prior to the Act.



Provision for income tax consists of:

	2025	2024
RCIT	<b>₱9,342,693</b>	₱12,331,718
Final tax	<b>1,533,497</b>	1,467,117
	<b>10,876,190</b>	13,798,835
Deferred	<b>2,218,855</b>	(1,935,458)
	<b>₱13,095,045</b>	₱11,863,377

The recognized deferred assets of the Company is disclosed below.

The Components of the Company's net deferred tax assets as of December 31, 2025 and 2024 follow:

	2025	2024
Deferred tax assets on:		
Lease liability	<b>₱1,863,784</b>	₱240,575
Contract liability	<b>386,762</b>	683,704
Allowance for impairment losses	-	1,381,239
Accrued expenses	-	568,018
	<b>₱2,250,546</b>	₱2,873,536
Deferred tax liability on:		
Right of use assets	<b>₱1,783,015</b>	₱187,150
	<b>₱467,531</b>	₱2,686,386

The reconciliation of statutory income tax to effective income tax follows:

	2025	2024
Statutory income tax	<b>₱12,615,271</b>	₱12,757,099
Nondeductible expenses	<b>(1,355,707)</b>	1,381,239
Interest income subject to final tax	<b>(383,374)</b>	(366,780)
Others	<b>2,218,855</b>	(1,908,181)
	<b>₱13,095,045</b>	₱11,863,377

## 17. Leases

The Company has a lease contract with EWBC for an office space with monthly rental rate of ₱149,472. The lease is non-cancellable for a period of five years, i.e., from July 1, 2025 to June 30, 2030, and renewable for another year upon mutual agreement of the parties.

As of December 31, 2025, future minimum annual rentals payable of the Company under non-cancellable operating leases follow:

	2025	2024
Within one year	<b>₱1,793,664</b>	₱976,850
Beyond one year but not beyond five years	<b>6,834,084</b>	-
	<b>₱8,627,748</b>	₱976,850



The carrying amount of the Company's right-of-use asset and the movements during the period ended December 31, 2025 and 2024 are as follows:

	2025	2024
<b>Cost</b>		
Balance at beginning of year	₱7,486,011	₱7,486,011
Additions	7,924,513	-
Disposal	(7,486,011)	-
As at end of year	7,924,513	7,486,011
<b>Accumulated Depreciation</b>		
Balance at beginning of year	6,737,410	5,240,208
Depreciation	1,541,053	1,497,202
Disposal	(7,486,011)	-
As at end of year	792,452	6,737,410
<b>Net Book Value</b>	<b>₱7,132,061</b>	<b>₱748,601</b>

The Company recognized right-of-use asset and lease liability for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liability was recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate of 7.25% for December 31, 2025 and December 31 2024.

The carrying amount of lease liability as of December 31, 2025 and 2024 and the movements during the period are as follows:

	2025	2024
Beginning balance	₱962,301	₱2,732,342
Additions	7,924,513	-
Payments and terminations	(1,724,210)	(1,899,431)
Accretion of interest (Note 14)	292,531	129,390
	<b>₱7,455,135</b>	<b>₱962,301</b>

As of December 31, 2025 and 2024, the current and non-current portion of the lease liability are as follows:

	2025	2024
Current portion	₱1,306,863	₱962,301
Non-current portion	6,148,272	-
	<b>₱7,455,135</b>	<b>₱962,301</b>

## 18. Events after the Reporting Period

There have been no events subsequent to December 31, 2025 that the Company need to report.

## 19. Approval of Release of Financial Statements

The accompanying comparative financial statements of the Company were approved and authorized for issue by the BOD on April 08, 2026.



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## 20. Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulations No. 15-2010, requiring the inclusion of information on various taxes paid and accrued during the taxable year in the notes to the financial statements.

The Company reported and/or paid the following types of taxes in 2025:

### VAT

The Company is a VAT-registered entity with output tax declaration of ₱11,221,133 for the year on the actual collection from sale of services amounting to ₱93,509,439. The declared output VAT is based on actual collections made, hence, may not be the same as the amount presented as 'Commission income' in the statement of comprehensive income. As of December 31, 2025, the Company's output VAT payable amounted to ₱781,249.

### Taxes and Licenses

For the year ended December 31, 2025, the Company recognized taxes and licenses as follows:

Registration and permit fees	₱824,001
Others	127,035
<u>Taxes and licenses</u>	<u>₱951,036</u>

### Withholding Taxes

Details of total remittances in 2025 and balances as of December 31, 2025 follow:

	Total Remittances	Outstanding Balances
Withholding taxes on compensation and benefits	₱7,131,845	₱217,826
Expanded withholding taxes	125,386	7,971
	<u>₱7,257,231</u>	<u>₱225,797</u>

### Tax Assessments and Cases

As of December 31, 2025, the Company has no deficiency tax assessments and has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the BIR.

