

Reliable Insurance Brokers, Inc.

Financial Statements
December 31, 2025 and 2024

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
Reliable Insurance Brokers, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reliable Insurance Brokers, Inc. (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 a 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 International 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 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.

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 34-2020 and 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 34-2020 and 15-2010 in Note 18 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 Reliable Insurance Brokers, 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.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola

Partner

CPA Certificate No. 109952

Tax Identification No. 242-019-387

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

SEC Partner Accreditation No. 109952-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

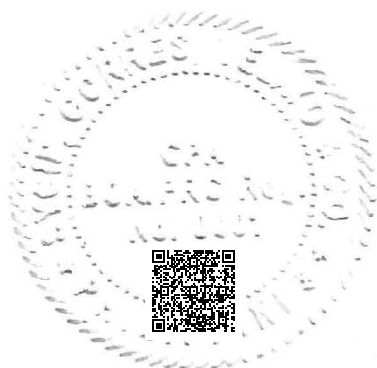
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-117-2025, December 16, 2024, valid until December 15, 2027

PTR No. 10765068, January 2, 2026, Makati City

June 29, 2026



RELIABLE INSURANCE BROKERS, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2025	2024
ASSETS		
Current Assets		
Cash (Note 4)	₱2,932,885	₱8,921,809
Receivables - net (Note 5)	7,036,316	10,483,448
Other current assets (Note 6)	4,354,789	3,730,784
Total Current Assets	14,323,990	23,136,041
Noncurrent Assets		
Property and equipment (Note 7)	2,423,458	152,762
Investment properties (Note 8)	1,580,897	1,580,897
Software cost (Note 7)	1,450	105,317
Financial assets at fair value through other comprehensive income (FVOCI) (Note 9)	18,065,238	17,628,332
Deferred tax asset – net (Note 13)	887,757	–
Prepaid taxes - noncurrent portion (Note 6)	14,301,015	12,005,470
Total Noncurrent Assets	37,259,815	31,472,778
	₱51,583,805	₱54,608,819
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 10)	₱5,155,312	₱5,344,078
Noncurrent Liabilities		
Retirement liability (Note 16)	3,082,318	3,448,292
Deferred tax liability - net (Note 13)	–	109,152
Total Noncurrent Liabilities	3,082,318	3,557,444
Total Liabilities	8,237,630	8,901,552
Equity		
Capital stock - ₱1 par value		
Subscribed - 17,500,000 shares (Note 14)	30,000,000	20,000,000
Unrealized gain on financial assets at FVOCI (Note 9)	44,641	5,608,607
Retained earnings (Note 14)	13,301,534	20,098,690
Total Equity	43,346,175	45,707,297
	₱51,583,805	₱54,608,819

See accompanying Notes to Financial Statements.



RELIABLE INSURANCE BROKERS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2025	2024
COMMISSION INCOME	₱21,193,478	₱25,742,338
EXPENSES		
Personnel costs (Note 12)	6,810,209	8,997,046
Insurance	2,999,583	31,010
Directors' fees	1,846,000	486,900
Outside services	1,248,180	1,232,809
Entertainment, amusement and recreation	771,851	695,042
Taxes and licenses	547,484	586,264
Rent (Note 15)	483,961	420,920
Utilities	420,466	398,264
Provision for doubtful accounts (Note 5)	357,100	—
Depreciation and amortization (Note 7)	315,625	682,112
Transportation and travel	307,635	281,216
Office supplies	290,863	201,357
Others	783,628	308,713
	17,182,585	14,321,653
OTHER INCOME		
Dividend income (Note 9)	420,210	203,435
Interest income (Note 4)	132,330	197,490
	552,540	400,925
INCOME BEFORE INCOME TAX	4,563,433	11,821,610
PROVISION FOR INCOME TAX (Note 13)		
Current	1,231,904	3,418,120
Final	26,466	39,498
Deferred	2,219	(535,249)
	1,260,589	2,922,369
NET INCOME	3,302,844	8,899,241
OTHER COMPREHENSIVE INCOME (LOSS) (Note 9)		
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>		
Unrealized gain (loss) on financial assets at FVOCI	(6,563,094)	85,223
Income tax effect	999,128	(12,783)
	(5,563,966)	72,440
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱2,261,122)	₱8,971,681

See accompanying Notes to Financial Statements.



RELIABLE INSURANCE BROKERS, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Capital stock (Note 14)	Treasury shares (Note 14)	Unrealized gain on financial assets at FVOCI (Note 9)	Retained earnings (Note 14)	Total
BALANCES AS AT DECEMBER 31, 2023	₱17,500,000	(₱79,255)	₱5,536,167	₱13,724,449	₱36,681,361
Net income	—	—	—	8,899,241	8,899,241
Share issuance cost (Note 14)	—	—	—	(25,000)	(25,000)
Other comprehensive income (Note 9)	—	—	72,440	—	72,440
Reissuance of treasury shares (Note 14)	—	79,255	—	—	79,255
Stock dividend declaration (Note 14)	2,500,000	—	—	(2,500,000)	—
Total comprehensive income	2,500,000	79,255	72,440	6,374,241	9,025,936
BALANCES AS AT DECEMBER 31, 2024	20,000,000	—	5,608,607	20,098,690	45,707,297
Net income	—	—	—	3,302,844	3,302,844
Share issuance cost (Note 14)	—	—	—	(100,000)	(100,000)
Other comprehensive loss (Note 9)	—	—	(5,563,966)	—	(5,563,966)
Reissuance of treasury shares (Note 14)	—	—	—	—	—
Stock dividend declaration (Note 14)	10,000,000	—	—	(10,000,000)	—
Total comprehensive income	10,000,000	—	(5,563,966)	(6,797,156)	(2,361,122)
BALANCES AS AT DECEMBER 31, 2025	₱30,000,000	₱—	₱44,641	₱13,301,534	₱43,346,175

See accompanying Notes to Financial Statements.



RELIABLE INSURANCE BROKERS, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱4,563,433	₱11,821,610
Adjustments for:		
Retirement expense (Note 16)	983,424	1,814,177
Provision for doubtful accounts (Note 5)	357,100	–
Depreciation and amortization (Note 7)	315,625	682,112
Interest income (Note 4)	(132,330)	(197,490)
Dividend income (Note 9)	(420,210)	(203,435)
Operating income before changes in working capital	5,667,042	13,916,974
Decrease (increase) in:		
Receivables	3,090,032	(6,348,275)
Other assets	(2,919,550)	(3,057,125)
Decrease in:		
Accounts payable and accrued liabilities	(188,766)	(414,211)
Net cash flows from operations	5,648,758	4,097,363
Interest received	132,330	197,490
Income taxes paid, including final taxes	(1,258,370)	439,440
Benefits paid (Note 16)	(1,349,398)	–
Net cash flows provided by operating activities	3,173,320	4,734,293
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (Note 9)	420,210	203,435
Sale of treasury shares (Note 14)	–	79,255
Acquisitions of property and equipment (Note 7)	(2,482,454)	(99,404)
Acquisitions of investment in preferred stock (Note 9)	(7,000,000)	–
Net cash flows provided by (used in) investing activities	(9,062,244)	183,286
CASH FLOW FROM A FINANCING ACTIVITY		
Payment of stock issuance cost (Note 14)	(100,000)	(25,000)
NET INCREASE (DECREASE) IN CASH	(5,988,924)	4,892,579
CASH AT BEGINNING OF YEAR	8,921,809	4,029,230
CASH AT END OF YEAR (Note 4)	₱2,932,885	₱8,921,809

See accompanying Notes to Financial Statements.



RELIABLE INSURANCE BROKERS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information and Authorization for Issue of the Financial Statements

Corporate Information

Reliable Insurance Brokers, Inc. (RIBI or the Company) was incorporated in the Philippines on March 21, 1996. The Company's primary purpose is to carry on the business of insurance and insurance brokers; to act as managers except the management of funds, securities, portfolio or similar assets of the managed entities, for any insurance company, in connection with its or his insurance or underwriting business wherever the same may be carried on or any branch of the same, and to enter into any agreement for such purpose with any such insurance company; to engage in the solicitation, negotiation, procurement and/or placement of risks, such as buildings and its contents, machineries and equipment, motor vehicles, marine hull and cargoes, money securities and payroll, general and personal accident, liability, livestock, bonds, fidelity guarantee and any other risks that may relate to the making of any insurance contract and/or taking out of insurance in behalf of an insured, in exchange for any compensation, commission or other thing of value, act or aids in any manner.

The registered business address of the Company is RFM Corporate Centre, Pioneer cor. Sts., Mandaluyong City.

Authorization for Issue of the Financial Statements

The financial statements were authorized for issue by the Board of Directors (BOD) on June 29, 2026.

2. Basis of Preparation, Statement of Compliance and Summary of Material Accounting Policy Information

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for financial assets at FVOCI which have been measured at fair value. The financial statements are presented in Philippine Peso (₱ or Peso), which is the Company's presentation and functional currency. All amounts are rounded to the nearest Peso except when otherwise indicated.

Statement of Compliance

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

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in current year. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.



The amendments are effective for annual reporting periods beginning on or after April 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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 the 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 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

The Company is currently assessing the impact of this new standard.

- PFRS 17, *Insurance Contracts*
- 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*

Summary of Material Accounting Policy Information

Cash

Cash represents cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates.



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 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; or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.



A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company's financial assets and financial liabilities consist of amortized cost, fair value through other comprehensive income (FVOCI) and other financial liabilities.

Financial Assets

Initial recognition and measurement of financial assets

The Company classifies financial assets, at initial recognition, as subsequently measured at amortized cost, FVOCI, and fair value through profit or loss (FVTPL).

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. With the exception of trade and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

For a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (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.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at FVTPL
- Financial assets at FVOCI with recycling of cumulative gains and losses
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. 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 solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.



As at December 31, 2025 and 2024, the Company's financial assets at amortized cost include Cash and Receivables.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a partial recovery of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify irrevocably its quoted and unquoted equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Financial assets migrate through the following three stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.



Stage 2: Lifetime ECL - not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL - credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Determining the stage for impairment

At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Receivables'.

The Company may 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.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

Subsequent measurement - 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. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction cost.

As at December 31, 2025 and 2024, the Company's other financial liabilities include Funds held for insurance claims, Accounts payable and other current liabilities.



Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit and loss.

Prepaid Taxes

Prepaid taxes include creditable withholding taxes (CWT) which represent taxes paid in excess of the income tax payable. CWT that are expected to be applied against income tax payable in the next 12 months after the reporting period are classified as current assets; otherwise these are classified as other noncurrent asset. The amount estimated as not realizable through application against future income tax due is provided with valuation allowance. This valuation allowance is reversed when future taxable income is expected in the near future.

Value-Added Tax (VAT)

Expenses and assets 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 the acquisition of asset or as part of the expense item, as applicable
- When receivable and payables are stated with the amount of VAT included.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Property and Equipment and Software Cost

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

The initial cost of items of property and equipment and software cost consists of its purchase price, including import duties, and any directly attributable costs of bringing the asset to its working conditions and locations for its intended use. Expenditures incurred after the property and equipment and software cost have been put into operations, such as repairs and maintenance costs, are normally recognized to profit or loss in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment and software cost beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment and software cost.

Depreciation commences when the property and equipment is available for its intended use. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent assets held for sale* and the date the item is derecognized.



Depreciation is computed on a straight-line basis over the estimated useful lives of the property and equipment and software cost as follows:

	Number of Years
Transportation equipment	5
Office furniture and fixtures	3 - 5
Software cost	5

Leasehold improvements are amortized over the term of the lease or the estimated useful lives of the improvements, whichever is shorter.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment and software cost is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in statement of comprehensive income in the year the item is derecognized.

Investment Properties

Investment properties consist of subdivision lots that are not occupied substantially for use by, or in the operations of the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and any impairment losses. Land is carried at cost less any impairment in value.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount off the asset is recognized in profit or loss in the period of derecognition.

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

Transfer between investment properties and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Impairment of Property and equipment, Investment properties and Software cost

The carrying values of property and equipment, investment properties and software cost are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units (CGUs) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of fair value less cost to sell and value-



in-use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. 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 assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses, if any, are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Payable to Insurance Companies

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

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are recognized in the period in which the related goods or services are received or when a legally enforceable claim against the Company is established.

Capital Stock

Capital stock is classified as equity and recorded at par.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, dividend distributions, prior period adjustments, effects of the changes in accounting policies and other capital adjustments.

Dividends are recognized as a liability and deducted from retained earnings when approved by the shareholders of the Company. The stock dividend distributable represents the stock dividend declared and approved by the Board of Directors (BOD) and stockholders, which will be issued to the stockholders and reclassified to capital stock upon issuance. The stock dividends distributable is classified as a separate line item in equity.

Treasury Shares

When the Company purchases its own shares of capital stock, the consideration paid, including any attributable incremental costs, is deducted from equity until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transactions costs and related tax effects is include in equity.

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.



Commission income

Revenue from commissions is recognized upon collection of insurance premium from policyholders which is measured at a certain percentage based on the amount of annual premium the policy is sold for. 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 the combined output and the Company would not be able to satisfy its performance obligation by transferring each of the services independently. The Company has concluded that it transfers control over its services at a point in time, upon collection of premiums from the policyholders, because this is when the insurance companies benefit from the Company's brokerage service.

Revenue Outside the Scope of PFRS 15

Interest income

Interest income is recognized as the interest accrues using the EIR method.

Dividend income

Dividend income on investments in shares of stock is recognized when the Company's right to receive the payment is established, which is the date when the dividend declaration is approved by the investee's BOD and/or stockholders.

Expenses

Expenses constitute costs of administering the business. These are recognized as expense when incurred.

Leases

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 applies the short-term lease recognition exemption to its short-term lease of office space (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Income Taxes

Current tax

Current income tax assets and 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 have been enacted or substantively enacted at the reporting date.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" in the statements of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Other current assets" in the statement of financial position.

Deferred tax

Deferred tax is provided, using the liability method, 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 unused net operating loss carryover (NOLCO) and Minimum Corporate Income Tax (MCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and the carryforward benefits of unused NOLCO and MCIT can be utilized.

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

Deferred tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply 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 reporting date.

Deferred tax item recognized outside the statements of comprehensive income is recognized in correlation to the underlying transaction either in statements of other comprehensive income or directly in equity.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

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 in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Retirement Liability

The Company's retirement liability is measured using the accrual approach based on the minimum retirement benefits required under Republic Act (RA) No. 7641, otherwise known as "The Philippine Retirement Pay Law". Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of service, without consideration of future changes in salary rates and service periods.

Events After the Reporting Date

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

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS Accounting Standards requires management to exercise judgments, make accounting estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. In the opinion of management, these financial statements reflect all adjustments necessary to present fairly the results for the periods presented. Actual results could differ from these estimates, and such estimates will be adjusted accordingly, when the effects become determinable.



Judgments

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

Revenue from contracts with customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Identifying performance obligations in brokerage agreements*

The Company provides brokerage services, which consist of the promise to place or sell an insurance policy, collect premiums from policyholders and remit the amounts collected to 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.

- *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 an agent 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.

Accounting Estimates

The key estimates and assumptions concerning the future and other key sources of estimation uncertainties at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Determination of impairment of CWTs

The Company assessed the realizability of its CWTs (recorded under Prepaid taxes account) based on expected future taxable income. CWTs, net of allowance for impairment losses, amounted to ₱17.67 million and ₱15.38 million as at December 31, 2025 and 2024, respectively (Note 6).



Provision for expected credit losses

The Company assessed that the credit risk on cash in banks did not increase significantly since initial recognition considering that the cash in banks are held by financial institutions with low credit risk or equivalent to investment grade quality. As a result, the Company only measured the loss allowance for cash in banks at an amount equal to 12-month ECL.

The aggregate carrying amounts of cash in banks is ₱2.93 million and ₱8.92 million as at December 31, 2025 and 2024, respectively (Note 4).

For measuring the credit risk of receivables, the Company also applies the 12-month ECL since credit risk did not increase significantly since initial recognition and are not credit-impaired upon origination.

Carrying amounts of receivables is ₱7.04 million and ₱10.48 million as at December 31, 2025 and 2024, respectively. No expected credit loss was recognized in 2025 and 2024 (Note 5).

Recognition of deferred tax assets

The carrying value of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Total recognized deferred tax assets amounted to ₱0.89 and ₱0.86 million as at December 31, 2025 and 2024, respectively, since management believes that the Company will have sufficient future taxable income to allow the recognition of deferred income tax assets on the deductible temporary differences (Note 14).

4. Cash

This account consists of:

	2025	2024
Cash on hand	₱10,000	₱15,000
Cash in banks	2,922,885	8,906,809
	₱2,932,885	₱8,921,809

Cash in banks consists of deposits in local banks which earn interest at the prevailing bank deposit rates. Interest income earned from cash in banks amounted to ₱132,330 and ₱197,490 in 2025 and 2024, respectively.

5. Receivables - Net

This account consists of:

	2025	2024
Premiums receivable	₱1,834,135	₱2,035,742
Commission receivable	1,828,973	4,651,555
Receivable from insurance companies	1,517,855	1,440,165
Advances to employees	944,199	979,435
Advances to directors and officers	374,357	339,477
Due from a related party (Note 11)	—	298,775
Others	893,897	738,299
	7,393,416	10,483,448
Less: Allowance for doubtful accounts	(357,100)	—
	₱7,036,316	₱10,483,448



Movement in the allowance for doubtful accounts are as follows:

	2025	2024
Balance at beginning of year	P—	P—
Provision	357,100	—
Balance at end of year	P357,100	P—

Commission receivable pertains to commission income on the collected premiums from the policyholders based on the agreed rates by the Company and the insurance companies. These are generally collectible within thirty (30) to sixty (60) days.

Receivable from insurance companies pertains to advances made by the Company related to claims made by policyholders which are collectible within the Company's grace period of ninety (90) days.

Advances to employees pertain to advances made to employees in relation to the Company's operations.

Others pertain to retainer's fee and claims from RFM Corporation.

6. Other Assets

	2025	2024
Prepaid taxes	P17,670,976	P15,375,431
Less: Noncurrent portion	14,301,015	12,005,470
Current portion	3,369,961	3,369,961
Less: Allowance for impairment losses	—	—
	3,369,961	3,369,961
Input VAT	697,973	—
Prepaid expenses	281,855	355,820
Others	5,000	5,003
	P4,354,789	P3,730,784

The allowance for impairment losses pertains to prepaid taxes.

The movements in allowance for impairment losses on receivables for the years ended December 31 follow:

	2025	2024
Balance at beginning of year	P—	P1,549,106
Write-off	—	(1,549,106)
Balance at end of year	P—	P—



7. Property and equipment and Software cost

2025

	Leasehold improvements	Transportation equipment	Office furniture and fixtures	Software cost	Total
Cost					
Balances at January 1	₱984,233	₱2,780,000	₱1,417,155	₱617,400	₱5,798,788
Additions	1,318,628	1,069,643	94,183	—	2,482,454
Balances at December 31	2,302,861	3,849,643	1,511,338	617,400	8,281,242
Accumulated Depreciation and Amortization					
Balances at January 1	984,233	2,780,000	1,264,393	512,083	5,540,709
Depreciation and amortization	24,161	89,137	98,460	103,867	315,625
Balances at December 31	1,008,394	2,869,137	1,362,853	615,950	5,856,334
Net Book Values	₱1,294,467	₱980,506	₱148,485	₱1,450	₱2,424,908

2024

	Leasehold improvements	Transportation equipment	Office furniture and fixtures	Software cost	Total
Cost					
Balances at January 1	₱984,233	₱2,780,000	₱1,317,751	₱617,400	₱5,699,384
Additions	—	—	99,404	—	99,404
Balances at December 31	984,233	2,780,000	1,417,155	617,400	5,798,788
Accumulated Depreciation and Amortization					
Balances at January 1	984,233	2,341,000	1,144,761	388,603	4,858,597
Depreciation and amortization	—	439,000	119,632	123,480	682,112
Balances at December 31	984,233	2,780,000	1,264,393	512,083	5,540,709
Net Book Values	₱—	₱—	₱152,762	₱105,317	₱258,079

Aggregate cost of fully depreciated property and equipment still in use amounted to ₱7.77 million and ₱5.06 million as at December 31, 2025 and 2024, respectively.

8. Investment Properties

On February 24, 2014, a “Dacion en Pago” agreement was executed between the Company and Philtown Properties, Inc. (Philtown) wherein, in full payment of the latter’s obligation amounting to ₱1.48 million, it offered three (3) subdivision lots from its Ridgemont project located at Calamba, Laguna to which the former accepted as payment.

On March 4, 2016, the BOD resolved that the Ridgemont project be accepted and transferred in the name of the Company since no replacement lots were provided by Philtown to the Company.

Payment of the transfer tax, documentary stamp tax and registration fees amounting to ₱0.10 million was borne by the Company while all other cost was borne by Philtown.



The aggregate fair value of the Company's subdivision lots amounted to ₱4.92 million which was based on the valuation performed by an independent firm of appraisers as of December 31, 2025, using the Market Approach. This valuation represents the estimated market value as of the reporting date.

The appraised value of the subdivision lots was determined using the market data approach which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets and adjusted to reflect differences on location (+5%). Significant favorable (unfavorable) adjustments to the aforementioned factors based on the professional judgment of the independent appraisers would increase (decrease) the fair value of the land (Level 3 - significant unobservable inputs).

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

No rental income earned and direct cost incurred on the investment properties as of December 31, 2025 and 2024.

9. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

	2025	2024
Quoted equity investments	₱251,260	₱153,500
Unquoted equity investments	17,813,978	17,474,832
	₱18,065,238	₱17,628,332

Details of the unquoted equity investments are as follows:

	2025	2024
Common shares	₱7,813,978	₱14,474,832
Preferred shares	10,000,000	3,000,000
	₱17,813,978	₱17,474,832

Movements in the fair value reserve recognized in other comprehensive income (net of tax effect) are as follows:

	2025	2024
At January 1	₱5,608,607	₱5,536,167
Fair value changes	(5,563,966)	72,440
At December 31	₱44,641	₱5,608,607

Quoted equity investments

As at December 31, 2025 and 2024, financial assets designated at FVOCI amounting to ₱251,260 and ₱153,500, respectively, consist of club shares in Capitol Golf and stock investment in PLDT.

Financial assets designated at FVOCI are carried at fair value based on the quoted price of the shares as at reporting date. The unrealized loss and gain recognized on the financial assets shown as part of "Other comprehensive income" in the statements of comprehensive income amounted to ₱97,760 and nil as at December 31, 2025 and 2024, respectively.



Unquoted equity investments

In 2019, the Company acquired 80,000 preferred shares of Conglomerate Savings & Financing Corporation (CSFC), amounting to ₱8.00 million recognized as investment in CSFC as at December 31, 2019.

In 2020, the Company acquired an additional 20,000 preferred shares of CSFC, amounting to ₱2.00 million. As at December 31, 2020, the Company has an investment in CSFC of 100,000 preferred shares amounting to ₱10.00 million.

In 2021, CSFC redeemed 80,000 of its preferred shares at par value. The Company then acquired an additional 10,000 preferred shares of CSFC, amounting to ₱1.00 million. In 2025, the Company acquired an additional 70,000 preferred shares of CSFC, amounting to ₱7.00 million. As of December 31, 2025 and 2024, the Company has an investment in CSFC of 100,000 preferred shares and 30,000 preferred shares with fair value amounting to ₱10.00 million and ₱3.00 million, respectively. The Company also acquired common shares of CSFC, amounting to ₱8.00 million in 2021. As of December 31, 2025 and 2024, the fair value of the common shares amounted to ₱7.81 million and ₱14.47 million, respectively.

The redeemable preferred stock of CSFC has the following rights, terms and conditions:

- a. The holders of the redeemable preferred stock shall not have the right to vote, except on the matters specifically stated in Section 6 - *Classification of shares* of the Philippine Corporation Code.
- b. The holders of redeemable preferred stock shall be entitled to receive dividends based on the discretion of the BOD of CSFC. The holders of redeemable preferred stock shall not have the right to participate in the dividends declared to the holders of common stock.
- c. CSFC may redeem the redeemable preferred shares at any time, from time to time, in whole or in part, as may be determined by the BOD of CSFC, at a price not lower than the par value of the preferred stock.
- d. In the event of any dissolution or liquidation or winding up, whether voluntary or involuntary, of CSFC, except in connection with a merger or consolidation, the holders of redeemable preferred stock shall be entitled to be paid in full both the par value of the shares and the unpaid dividends accrued thereon, before any amount shall be paid to the holders of the common stock.

Dividend income from financial assets at FVOCI amounted to ₱0.42 million and ₱0.20 million in 2025 and 2024, respectively.

No equity investments at FVOCI were pledged as security to obligations as of December 31, 2025 and 2024.



10. Accounts Payable and Other Current Liabilities

	2025	2024
Accrued expenses:		
Professional fees	₱942,401	₱397,261
Employee benefits	328,053	1,833,594
Utilities	56,000	131,450
Other accruals	268,684	705,228
Accounts payable	2,577,323	1,034,499
Withholding taxes payable	505,728	88,356
Advances from customers	442,778	441,762
Due to related party (Note 11)	34,345	—
Funds held for insurance claims	—	259,419
Output VAT - net	—	452,509
	₱5,155,312	₱5,344,078

Accrued expenses pertain to retainer's fee of human resource services and legal services, janitorial services, employee benefits and various accruals.

Output VAT - net pertains to the 12% tax due on the revenue of the Company, net of input VAT.

Funds held for insurance claims pertain to funds set aside for claims relating to motorcar and fire insurance policies.

11. Related Party Transactions

The Company has the following transactions with its related parties for the years ended December 31:

	Relationship	Nature of transaction	Years	Amount	Outstanding receivable (payable)	Terms	Conditions
CSFC	Entity under common control	Common expenses (Notes 5 and 10)	2025 2024	(₱264,430) (80,617)	(₱34,345) 298,775	Noninterest-bearing, payable on demand	Unsecured, no impairment
Key management personnel		Short-term employee benefits	2025 2024	2,893,213 3,027,350	— —	— —	— —
Total due from related party (Note 5)			2025 2024		₱— ₱298,775		
Total due to related party (Note 10)			2025 2024		₱34,345 ₱—		



Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. These mainly consist of advances and reimbursement of expenses. The Company has not recognized any provision for expected credit losses on amounts due from related parties for the years ended December 31, 2025 and 2024. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

12. Personnel Costs

	2025	2024
Salaries and wages	₱3,210,960	₱2,570,447
Other employee benefits	3,599,249	6,426,599
	₱6,810,209	₱8,997,046

13. Income Taxes

- The Company's provision for current income tax consists of regular corporate income tax in 2025 and 2024, respectively.
- A reconciliation of income tax computed at the statutory tax rate to provision for income tax as shown in the statement of comprehensive income follows:

	2025	2024
Income tax at statutory rate	₱1,140,858	₱2,955,403
Adjustments resulting from:		
Nondeductible expenses	231,401	109,405
Nontaxable income	(6,617)	(9,875)
Dividend income exempted from income tax	(105,053)	(50,859)
Change in statutory tax rate	—	(81,705)
Provision for income tax	₱1,260,589	₱2,922,369

- The component of net deferred tax liabilities follows:

	2025	2024
Deferred taxes recognized in profit or loss		
<i>Deferred tax assets:</i>		
Retirement liability	₱770,579	₱862,073
Provisions	89,275	—
	859,854	862,073
<i>Recognized in other comprehensive income</i>		
Deferred tax asset (liability) on unrealized gain on fair value change	₱27,903	(₱971,225)
	₱887,757	(₱109,152)



14. Equity

Capital Management

The Company maintains a capital base to cover risks inherent in the business. The primary objective of the Company's capital management is to ensure that it maintains sufficient capital to safeguard its ability to continue as a going concern. The Company is subject to external capital requirements mandated by the Insurance Commission (IC) in order to sustain investor confidence and engender domestic capacity and capability of insurance and reinsurance brokers.

Per Section 3 of IC CL No. 2018-52 issued by the IC, Existing Insurance Brokers must have a net worth of ₱10,000,000. As of December 31, 2025 and 2024, the Company is fully compliant with the net worth as required under the IC circular.

The Company considers the following as capital:

	2025	2024
Capital stock	₱30,000,000	₱20,000,000
Retained earnings	13,301,534	20,098,690
	₱43,301,534	₱40,098,690

The Company repurchased 50,000 shares held as treasury shares at ₱1.59 per share for ₱79,255 in 2023. In 2024, the Company sold the 50,000 treasury shares at ₱1.59 per share for ₱79,255.

On April 30, 2024, the BOD approved the declaration of stock dividends equivalent to 2,500,000 shares in the amount of ₱2.50 million for stockholders of record as of the same date.

On May 15, 2025, the BOD declared and issued stock dividends equivalent to 10,000,000 shares in the amount of ₱10.00 million for stockholders of record as of the same date. The related stock issuance costs incurred amounted to ₱0.10 million and ₱0.03 million was charged to retained earnings in 2025 and 2024, respectively.

The Company continues to manage its capital structure and makes adjustment to it in the light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2025 and 2024.

15. Lease Commitment

The Company leases its office space from a third party for a period of one (1) year, renewable every year at rates mutually agreed by the parties. In 2024, the Company renewed its lease agreement from May 5, 2024 to May 5, 2025 with monthly rental fee of ₱35,632. The Company subsequently renewed it in 2025 from May 5, 2025 to May 5, 2026 with monthly rental fee of ₱37,414.

Rent expense amounted to ₱483,961 and ₱420,920 for the years ended December 31, 2025 and 2024, respectively.



16. Retirement Liability

The Company recognized the amount of retirement benefits for its qualified employees following the minimum benefit required by Republic Act No. 7641, *Retirement Pay Law*, using accrual approach. Accrual approach is applied by calculating the expected liability as at reporting date using the current salary of the entitled employees and the employees' years of services, without consideration of future changes in salary rates and service periods.

The movements in the retirement liability during the years ended December are as follows:

	2025	2024
Balance at beginning of year	₱3,448,292	₱1,634,115
Retirement expense	983,424	1,814,177
Benefits paid	(1,349,398)	—
Balance at end of year	₱3,082,318	₱3,448,292

17. Financial Instruments and Financial Risk Management Objectives and Policies

Fair Values

The carrying amounts of cash, interest receivable, accounts payable and accrued expenses, due to related parties, and dividends payable approximate their fair values due to their relatively short-term maturities and demand feature.

Financial assets at FVOCI are measured fair values which were determined by reference to prevailing market prices as at December 31, 2025 and 2024.

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Financial Risk Management Policy

The main purpose of the Company's financial instruments is to fund the Company's operations. The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Company's policy in managing credit and liquidity risk is summarized below:

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Company trades only with recognized, creditworthy third parties and related parties. The Company controls this credit risk through strict monitoring procedures and regular coordination with the customers.

The Company's gross maximum exposure to credit risk is equal to the carrying amounts of its financial assets as at December 31, 2025 and 2024.

The Company's cash in banks are deposited with reputable banks and are categorized as low risk financial assets since these are held by financial institutions with investment grade credit ratings.

The Company applies the 12-month ECL since credit risk did not increase significantly since initial recognition and are not credit-impaired upon origination.



The following tables show the credit quality of financial assets as at December 31, 2025 and 2024:

2025

	Neither past due nor impaired		Past due but not impaired				Impaired Financial Assets	Total
	Excellent	Good	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 Days		
Cash in banks*	₱2,922,885	₱-	₱-	₱-	₱-	₱-	₱-	₱2,922,885
Receivables:								
Advances to employees	944,199	-	-	-	-	-	-	944,199
Premiums receivable	1,477,035	-	-	-	-	-	357,100	1,834,135
Receivable from insurance companies	1,517,855	-	-	-	-	-	-	1,517,855
Commission receivable	1,828,973	-	-	-	-	-	-	1,828,973
Due from a related party	-	-	-	-	-	-	-	-
Advances to directors and officers	374,357	-	-	-	-	-	-	374,357
Others	893,897	-	-	-	-	-	-	893,897
	₱9,959,201	₱-	₱-	₱-	₱-	₱-	₱357,100	₱10,316,301

*Excluding cash on hand amounting to ₱10,000.

2024

	Neither past due nor impaired		Past due but not impaired				Impaired Financial Assets	Total
	Excellent	Good	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 Days		
Cash in banks*	₱8,906,809	₱-	₱-	₱-	₱-	₱-	₱-	₱8,906,809
Receivables:								
Advances to employees	979,435	-	-	-	-	-	-	979,435
Premiums receivable	-	-	-	-	-	-	-	-
Receivable from insurance companies	1,440,165	-	-	-	-	-	-	1,440,165
Commission receivable	4,651,555	-	-	-	-	-	-	4,651,555
Due from a related party	298,775	-	-	-	-	-	-	298,775
Advances to directors and officers	339,477	-	-	-	-	-	-	339,477
Others	738,299	-	-	-	-	-	-	738,299
	₱17,354,515	₱-	₱-	₱-	₱-	₱-	₱-	₱17,354,515

*Excluding cash on hand amounting to ₱15,000.

Cash in banks are classified as “Excellent” accounts since they are deposited and invested with reputable banks and can be withdrawn anytime. The Company classifies its Receivables as “Excellent” account, except for past due receivables.

Liquidity risk

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

The tables summarize per class the maturity profile of the Company’s financial assets and liabilities as at December 31, 2025 and 2024 based on undiscounted contractual payments.

2025

	On demand	Less than three months	More than three months	Total
Cash	₱2,932,885	₱-	₱-	₱2,932,885
Receivables:				
Premiums receivable	1,834,135	-	-	1,834,135
Receivable from insurance companies	1,517,855	-	-	1,517,855
Due from a related party	-	-	-	-
Advances to directors and officers	374,357	-	-	374,357
Commission receivable	-	1,828,973	-	1,828,973
Others	1,838,096	-	-	1,838,096
	8,497,328	1,828,973	-	10,326,301

(Forward)



	On demand	Less than three months	More than three months	Total
Other financial liabilities:				
Accounts payable	(P2,577,323)	P-	P-	(P2,577,323)
Due to related parties	(34,345)	-	-	(34,345)
Accrued expenses	(1,595,138)	-	-	(1,595,138)
Advances from customers	(442,778)	-	-	(442,778)
Funds held for insurance claims	(1,686,788)	-	-	(1,686,788)
	(6,336,372)	-	-	(6,336,372)
Liquidity position (gap)	P2,160,956	P1,828,973	P-	P3,989,929

2024

	On demand	Less than three months	More than three months	Total
Cash	P8,921,809	P-	P-	P8,921,809
Receivables:				
Premiums receivable	-	-	-	-
Receivable from insurance companies	1,440,165	-	-	1,440,165
Due from a related party	298,775	-	-	298,775
Advances to directors and officers	339,477	-	-	339,477
Commission receivable	-	4,651,555	-	4,651,555
Others	1,717,734	-	-	1,717,734
	12,717,960	4,651,555	-	17,369,515
Other financial liabilities:				
Accounts payable	(165,390)	-	-	(165,390)
Accrued expenses	(3,067,533)	-	-	(3,067,533)
Advances from customers	(441,762)	-	-	(441,762)
Funds held for insurance claims	(259,419)	-	-	(259,419)
	(3,934,104)	-	-	(3,934,104)
Liquidity position (gap)	P8,783,856	P4,651,555	P-	P13,435,411

18. Supplementary Information Required Under Revenue Regulations 34-2020 and 15-2010

Revenue Regulations No. 15-2010

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

Output VAT

The table below shows the net sales/receipts and output VAT declared in the Company's VAT returns.

	Net sales	Output VAT
Vatable sales	P21,737,221	P2,608,467

Input VAT

Balance at January 1	P-
Current year's domestic purchases for:	
Goods other than capital goods	19,886
Services	551,523
Application against output VAT	(529,728)
	(P41,681)

VAT cash payments for the year amounted to P1,480,784.



Withholding Taxes

The details of the Company's withholding taxes paid and accrued in 2025 are as follows:

Withholding taxes on compensation and benefits	₱511,334
Expanded withholding taxes	203,550
	<u>₱714,884</u>

Taxes and License Fees

Insurance Commission license fee	₱274,642
Business permits	247,592
Insurance Commission supervision fee	25,250
	<u>₱547,484</u>

Tax Assessments and Cases

The Company has no deficiency tax assessments, whether protested or not. The Company has not been involved in any cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.

Revenue Regulations No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions under Section 2 of Revenue Regulations No. 34-2020 since the Company does not meet any of the criteria mentioned below.

- a) Large Taxpayers;
- b) Taxpayers enjoying tax incentives, i.e. Board of Investments (BOI)-registered and economic zone enterprises, those enjoying Income Tax Holiday (ITH) or subject to preferential income tax rate;
- c) Taxpayers reporting net operating losses for the current taxable year and the immediately preceding two (2) consecutive taxable years; and
- d) A related party, as defined under Section 3 of Revenue Regulations (RR) No. 19-2020, which has transactions with (a), (b) or (c). For this purpose, key management personnel (KMP), as defined under Section 3(7) of RR No. 19-2020, shall no longer be required to file and submit the RPT Form, nor shall there be any requirement to report any transaction between KMP and the reporting entity/parent company of the latter in the RPT Form.



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES
UNDER INSURANCE COMMISSION CL NO. 2021-65**

The Stockholders and the Board of Directors
Reliable Insurance Brokers, Inc.
RFM Corporate Centre
Pioneer cor. Sts.
Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Reliable Insurance Brokers, Inc. (the Company) as at and for the year ended December 31, 2025, and have issued our report thereon dated June 29, 2026. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Insurance Commission Circular Letter No. 2021-65, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner

CPA Certificate No. 109952

Tax Identification No. 242-019-387

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

SEC Partner Accreditation No. 109952-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

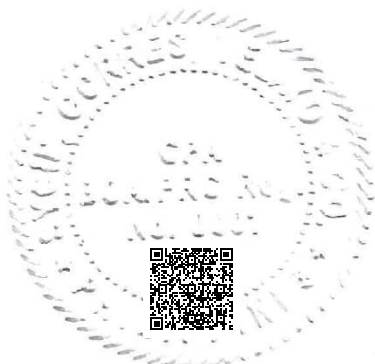
SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements

BIR Accreditation No. 08-001998-117-2025, December 16, 2024, valid until December 15, 2027

PTR No. 10765068, January 2, 2026, Makati City

June 29, 2026



RELIABLE INSURANCE BROKERS, INC.**SUPPLEMENTARY SCHEDULES REQUIRED UNDER
INSURANCE COMMISSION CL NO. 2021-65****As of December 31, 2025**

In compliance with the Insurance Commission Circular Letter No. 2021-65, hereunder are the information on client's money account, net worth compliance, fiduciary ratio and offsetting arrangement of the company for the year ended December 31, 2025.

Segregation of Clients' Money Account

The Company maintains one (1) separate bank account with one (1) bank for its clients' money account. This is classified under "Cash" in the statements of financial position. Total amount of Clients' money account as of December 31, 2025 is as follows:

Bank	Account Number	Amount
Banco De Oro	XXXXXXXXX9704	₱334,780

Net Worth Compliance

The Company's net worth compliance requirement computation is as follows:

	Amount
Net Worth per Audited Financial Statement	₱43,346,175
Net Worth Requirement, per IC CL No. 2018-52	10,000,000
Excess	₱33,346,175

Fiduciary Ratio Computation

The Company's fiduciary ratio computation is as follows:

	Amount
Client's money	₱1,700,284
Premium receivable	26,496,222
Premium payable	24,662,087
Fiduciary Ratio	1.14

Offsetting Arrangements

The Company offsets its premium receivable to its premium payable account. The net balance is presented as "Commission receivables" in the statements of financial position. Net premium payable amount is as follows:

	Amount
Premium receivable	₱26,496,222
Premium payable	24,662,087
Net Premium Receivable	₱1,834,135