

DBP INSURANCE BROKERAGE INCORPORATION

FINANCIAL STATEMENTS
December 31, 2024 AND 2023

With Independent Auditors' Report

R.G. Manabat & Co.



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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
DBP Insurance Brokerage Incorporated
29th Floor, Rufino Pacific Tower corner V.A Rufino St.
Brgy. San Lorenzo, 6784 Ayala Avenue, Makati City, Philippines

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of DBP Insurance Brokerage Incorporated, (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, 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 audit in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024

and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)

BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024

financial statements

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

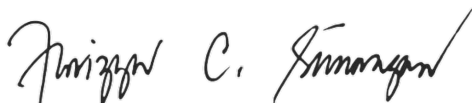
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 22 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.



FLORIZZA C. SIMANGAN

Partner

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IC Accreditation No. 147917-IC, Group A, valid for five (5) years

covering the audit of 2021 to 2025 financial statements

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covering the audit of 2021 to 2025 financial statements

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PTR No. MKT 10467153

Issued January 2, 2025 at Makati City

June 25, 2025

Makati City, Metro Manila

DBP INSURANCE BROKERAGE INCORPORATED
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2024	2023
ASSETS			
Current Assets			
Cash	6	P127,088,972	P92,624,579
Short-term investment	7	10,000,000	10,075,000
Commissions and other receivables - net	8	50,023,441	43,076,870
Prepayments and other current assets		272,918	182,018
Current tax assets - net	9	329,183	687,897
Total Current Assets		187,714,514	146,646,364
Non-current Assets			
Property and equipment - net	10	322,197	133,871
Deferred tax assets	20	13,054,245	10,038,356
Total Non-current Assets		13,376,442	10,172,227
		P201,090,956	P156,818,591
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	11	P46,393,011	P26,536,191
Due to insurance companies	6, 12	27,876,269	23,996,549
Due to shareholders	13	52,814,737	48,350,074
Total Current Liabilities		127,084,017	98,882,814
Equity			
Share capital	14	10,000,000	10,000,000
Retained earnings	14	64,006,939	47,935,777
Total Equity		74,006,939	57,935,777
		P201,090,956	P156,818,591

See Notes to the Financial Statements.

DBP INSURANCE BROKERAGE INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	2024	2023
REVENUES			
Commissions	15	P74,036,424	P77,401,772
Other income	16	355,522	288,756
		74,391,946	77,690,528
EXPENSES			
Outside services	17	26,495,956	21,350,590
Provision for expected credit losses	8	12,063,556	10,532,357
Salaries and other employee benefits	18	6,404,086	4,715,417
Rent		1,482,664	1,134,357
Representation and entertainment		1,208,024	804,480
Utilities and Communications		917,656	325,859
Taxes and licenses		741,902	954,279
Office Supplies		268,538	282,973
Depreciation	10	17,746	141,638
Others		3,380,490	658,351
		52,980,618	40,900,301
PROFIT BEFORE TAX		21,411,328	36,790,227
INCOME TAX EXPENSE	19	5,340,166	9,519,818
NET INCOME AND TOTAL COMPREHENSIVE INCOME		P16,071,162	P27,270,409

See Notes to the Financial Statements.

DBP INSURANCE BROKERAGE INCORPORATED
STATEMENTS OF CHANGES IN EQUITY

	Years Ended December 31		
	Share Capital (Note 14)	Retained Earnings (Note 14)	Total
Balance, December 31, 2022	P10,000,000	P48,165,368	P58,165,368
Cash dividends declared	-	(27,500,000)	(27,500,000)
Net income for the year	-	27,270,409	27,270,409
Balance, December 31, 2023	10,000,000	47,935,777	57,935,777
Net income for the year	-	16,071,162	16,071,162
Balance, December 31, 2024	P10,000,000	P64,006,939	P74,006,939

See Notes to the Financial Statements.

DBP INSURANCE BROKERAGE INCORPORATED
STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P16,071,162	P36,790,227
Adjustments for:			
Depreciation	10	17,746	141,638
Interest income		(202,237)	(149,174)
Provision for expected credit losses	8	12,063,556	9,094,296
Operating profit before working capital changes		27,950,227	45,876,987
Decrease (increase) in:			
Commission and other receivables		(19,010,127)	(15,250,662)
Short-term investments		75,000	(75,000)
Prepayments and other current assets		(90,900)	66,471
Increase (decrease) in:			
Accrued expenses and other payables		19,856,820	1,316,058
Due to insurance companies		3,879,720	3,935,246
Due to shareholders		4,464,663	14,810,583
Cash generated from operations		37,125,403	50,679,683
Income taxes paid		(2,657,175)	(10,435,799)
Interest received		202,237	171,427
Net cash generated from operating activities		34,670,465	40,415,311
CASH FLOWS USED IN AN INVESTING ACTIVITY			
Acquisitions of property and equipment	10	(206,072)	(10,179)
Net cash used in investing activity		(206,072)	(10,179)
CASH FLOWS USED IN FINANCING ACTIVITY			
Payment of cash dividends	14	-	(47,969,982)
Net cash used in financing activity		-	(47,969,982)
NET INCREASE (DECREASE) IN CASH		34,464,393	(7,564,849)
CASH, BEGINNING OF YEAR	6	92,624,579	100,189,428
CASH, END OF YEAR	6	P127,088,972	P92,624,579

See Notes to the Financial Statements.

DBP INSURANCE BROKERAGE INCORPORATED
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

DBP Insurance Brokerage Incorporated (the "Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on June 21, 2006. The Company is presently engaged in brokering all types of insurance contracts and in any other manner such as aiding in taking out insurance, collecting payments of premiums due on such policies and doing such other business as may be delegated to brokers or such companies in the conduct of an insurance brokerage business.

In 2005, a joint venture agreement among Development Bank of the Philippines (DBP), DBP-Provident Fund (DBP-PF) and Alexander Forbes Risk Services Philippines, Inc., whose new name is Lockton Philippines Insurance and Reinsurance Brokers, Inc. (Lockton), was consummated to form the Company. Lockton was chosen as the strategic partner through a bidding process. DBP and Lockton own 40% each of the Company while DBP-PF owns 20%.

On January 1, 2022, the Insurance Commission (IC) authorized the Company to act as an insurance broker effective January 1, 2022 until December 31, 2024 and was renewed until December 31, 2027.

The Company's registered address and principal place of business is at the 29th Floor Rufino Pacific Tower, corner V.A Rufino Street. Brgy. San Lorenzo, 6784 Ayala Avenue, Makati City, Philippines.

2. Basis of Preparation

Statement of Compliance

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

Details of the Company's material accounting policies are included in Note 3.

The Company qualifies as a medium-sized entity based on the criteria set by the SEC. However, as provided under the Revised Securities Regulation Code 68, the Company availed the exemption from mandatory adoption of PFRS for SMEs Accounting Standards on the basis that the Company is significant joint venture, which is part of a group reporting under the full PFRS Accounting Standards.

Basis of Preparation and Presentation

The financial statements have been prepared using the historical cost basis of accounting.

Functional and Presentation Currency

These financial statements are presented in Philippine Peso, the currency of the primary economic environment in which the Company operates. All amounts are presented to the nearest peso, except when otherwise indicated.

Approval of Financial Statements

The financial statements of the Company have been approved and authorized for issuance by the Board of Directors on June 24, 2025.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as explained below.

Adoption of New and Amendments to Standards

The Company has adopted the following amendments to standards starting January 1, 2024 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption did not have any significant impact on the Company's financial statements.

The Company's adoption of the relevant amendments and improvements did not result in changes to the accounting policies and has no material effect on the disclosures or on the amounts reported for the current or prior year.

- *Classification of Liabilities as Current or Noncurrent – 2020 amendments and Non-Current Liabilities with Covenants – 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarifying that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

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; 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 end of each reporting period.

Financial Instruments

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

Financial Assets

(a) *Classification*

The Company classifies its financial assets in the following measurement categories as those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company had financial assets measured at amortized cost as at December 31, 2024 and 2023, respectively.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

The Company's financial asset measured at amortized cost includes cash in bank and due from related party.

(b) *Recognition and Measurement*

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, are subsequently measured at amortized cost.

Amortized Cost and Effective Interest Method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the cash in bank and short-term investment, or, where appropriate, a shorter period, to the gross carrying amount of the cash in bank and short-term investment on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for cash in bank and short-term investment measured subsequently at amortized cost.

For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

The Company's financial assets classified under this category includes cash in banks, short- term investment (including accrued interest) and commissions receivable - net.

(c) Derecognition

The Company derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(d) Impairment

The Company recognizes a loss allowance for expected credit losses (ECL) on commissions receivable measured at amortized cost.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for commissions receivable. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12- month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring:

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of receivables that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate (EIR) method, regardless of whether it is measured on an individual basis or a collective basis.

Significant Increase in Credit Risk

The Company monitors commissions receivable subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company used a practical expedient.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on commissions receivable has increased significantly since initial recognition when contractual payments are less than or equal to one year past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- 0 Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(e) *Write-off*

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, and when the commission receivable is deemed worthless.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

The Company has written off long outstanding commission receivables as these receivables show no realistic prospect of recovery as disclosed in Note 8.

(f) *Presentation of ECL in the Statement of Financial Position*

Loss allowances for ECL are presented in the statements of financial position for financial assets measured at amortized cost as a deduction from the gross carrying amount of the assets.

Financial Liabilities

(a) Classification

Financial are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities as financial liabilities at fair value through profit or loss at amortized cost.

As at December 31, 2024 and 2023, the Company only has financial liabilities classified as amortized costs. This consists of Accrued expenses and other payables (excluding amounts payable to government agencies), Due to insurance companies, and Due to shareholders.

(b) Recognition and Measurement

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(c) Derecognition

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Revenue Recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of the service to a customer.

The Company assessed its revenue from commissions and concluded that it is acting as an agent since the Company is aiding in the placement of insurance policies and collecting payments of premiums due on such policies in behalf of the insurers.

Commission income is recognized based on the premiums billings upon performance of service to the insured and upon of policies by the insurer. Premiums due from the insured are collectible by the Company for the account of the insurers and are remitted to the insurers within the credit terms.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statements of financial position as an asset.

Expenses in the statements of comprehensive income are presented using the nature of expense method.

Taxation

Income tax expense represents the sum of current tax and deferred tax.

Current Tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) which is applied on gross income, whichever is higher.

Final Tax

The final tax expense is computed using 20% tax on interest earned from the Company's interest income from its cash in bank accounts and short-term investment during the taxable year.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and Deferred Taxes for the Year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income (OCI) or directly in equity, in which case, the current and deferred taxes are also recognized in OCI or directly in equity, respectively.

Standards Issued But Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Company has not early adopted the following new or amended standards in preparing these financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Company's financial statements.

Effective January 1, 2026

- *Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and PFRS 7 Financial Instruments: Disclosures)*. The amendments relate to the date of recognition and derecognition, classification of financial assets, contractually linked instruments and non-recourse features, and disclosures on investments in equity instruments.

Date of recognition and derecognition. The amendments clarified that:

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

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

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

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

Classification of financial assets. The amendments related to classification of financial assets introduces an additional test to assess whether the SPPI criterion is met for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

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

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

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

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

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

- *Annual Improvements to PFRS Accounting Standards – Volume 11. This cycle of improvements contains amendments to five standards:*
 - *Hedge Accounting by a First-time Adopter (Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards).* Amendments were made to terminology on hedge accounting by a first-time adopter of PFRS Accounting Standards to improve consistency with the requirements of PFRS 9 *Financial Instruments*. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39 *Financial Instruments: Recognition and Measurement* to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.
 - *Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 *Fair Value Measurement*.
 - *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure).* The amendments:
 - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 *Financial Instruments* and PFRS 13 *Fair Value Measurement*; and
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
 - *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments).* The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in PFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.
 - *Cost Method (Amendments to PAS 7 Statement of Cash Flows).* The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *PFRS 18 Presentation and Disclosure in Financial Statements* will replace PAS 1 Presentation of Financial Statements and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more structured income statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
 - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

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

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

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

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

The Company continues to assess the impact of the above new and amendments standards effective subsequent to 2024 on the financial statements in the period of initial application. Additional disclosure required by these amendments will be included in the financial statement when these amendments are adopted.

4. Significant Accounting Judgments and Estimates

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Significant Increase in Credit Risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as an appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Due to Insurance Companies

The Company has agreements with third party insurance companies to promote the business and interest of the insurance companies, collect all premiums due on all insurance directly solicited by and/or credited to the Company and remit premiums, taxes and charges collected for a policy issued by the insurance companies.

Under the terms of these agreements, the Company is entitled to remuneration equal to a percentage of the premiums written, net of taxes. Expenses incurred in connection with its brokerage services are for the Company's account.

Unremitted premiums collections pertain to insurance premiums collected from the policyholder, net of the Company's commission, that remain unremitted to insurance companies as of the end of reporting period, for which no interest is charged by the insurance companies.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimating ECL

The Company measures ECL of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for ECL would increase the recognized expenses and decrease current asset.

As at December 31, 2024 and 2023, total commissions receivable recognized in the Company's statements of financial position amounted to P51.04 million and P41.79 million, which is net of the related allowance for expected credit losses amounting to P51.17 million and P40.15 million as at December 31, 2024 and 2023, respectively, as disclosed in Note 8.

Deferred Tax Assets

The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax assets to be utilized.

Total deferred tax assets recognized in the statements of financial position as at December 31, 2024 and 2023 amounted to P10.04 million and P10.04 million, respectively as disclosed in Note 20. Based on Management's assessment, these amounts can be utilized in the subsequent periods.

5. Financial Risk Management

Management believes that the carrying amounts of cash in banks, short-term investment (including accrued interest in Note 7 and 8), commissions receivable, due to insurance companies, accrued expenses and other payables (excluding advances from customers and statutory liabilities), due to shareholders, and dividends payable as presented in the statements of financial position approximate their fair values due to their short-term duration. Accordingly, fair values of the financial assets and liabilities are no longer disclosed.

Except for cash which is categorized as Level 1, all other financial instruments are categorized under Level 3 of the fair value hierarchy.

Financial Risk Management Objectives and Policies

The Company's activities expose it to a variety of financial risks such as market risk (which includes foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The Company's policies and objectives in managing these risks are summarized below:

Market Risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on market risk areas such as foreign exchange risk and interest rate risk. The Management of these risks are discussed below.

Foreign Exchange Risk

Foreign exchange risk arises when an investment's value changes due to changes in currency exchange rate. The Company undertakes certain transactions denominated in US dollar, hence, it is exposed to exchange rate fluctuations with respect to transactions denominated in such currency. The Company has no established policy in managing foreign exchange rate risk. Any favorable or unfavorable movements of foreign currency exchange rates are absorbed by the Company. Management believes that fluctuations in foreign currency rates will not have a significant impact on the Company's financial statements.

The carrying amounts of the Company's foreign currency denominated monetary asset at the end of each reporting period are as follows:

	2024		2023	
	U.S. Dollar Equivalent	Philippine Peso	U.S. Dollar Equivalent	Philippine Peso
Cash in banks	\$18,558	P1,076,617	\$18,550	P1,030,824

The exchange rate used to convert the U.S. dollar amounts to Philippine Peso was P58.01 and P55.57 as at December 31, 2024 and 2023, respectively.

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency of the Company against the relevant foreign currencies. The sensitivity rate used in reporting foreign currency risk internally to key management personnel is 1% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1% change in foreign currency rates. The sensitivity analysis includes all of the Company's foreign currency denominated monetary assets and liabilities. A positive number below indicates an increase in profit and other equity when the functional currency of the Company strengthens 1% against the relevant currency.

For a 1% weakening of the functional currency of the Company against the relevant currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	2024	2023
	Effect in Profit or Loss and Equity	Effect in Profit or Loss and Equity
Cash in banks	P10,766	P10,308

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Interest Rate Risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest. The Company's interest rate risk relates to cash in bank and short-term investment where interest rates are disclosed in Notes 6 and 7. The Company has no established policy in managing interest rate risk. With the current interest level on cash in banks and short-term investment, any variation in the interest will not have a material impact on the Company's profit or loss.

Credit Risk

Credit risk refers to the possibility that insurance companies will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy insurance companies and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with accredited insurance companies by DBP. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of the insurance companies are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved insurance companies. Credit exposure is controlled by insurance company limits that are reviewed and approved by the risk management committee annually.

Commissions receivable consists of a large number of insurance companies, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of commission receivable and when appropriate, credit guarantee insurance cover is purchased.

The table below presents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained:

	Note	2024	2023
Cash in banks	6	P120,262,827	P92,357,224
Commissions receivable - net	8	51,039,507	41,786,739
Short-term investment (including accrued interest)	7	10,243,754	10,093,191
		P181,546,088	P144,237,154

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain the Company's credit risk grading to categorize exposures according to their degree of risk of default.

The Company's concentration of credit risk is on its cash in bank and commission receivable which accounted for 94.36% and 93.00% of its maximum credit exposure as at December 31, 2024 and 2023, respectively.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12m ECL
Doubtful	Amount is :< 365 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
In default	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery	Amount is written-off

The tables below detail the credit quality of the Company's financial assets as well as the Company's maximum exposure to credit risk by credit risk rating grades:

	Note	Internal Credit Rating	12m or Lifetime ECL?	Unimpaired Amounts	Impaired Amounts	Loss Allowance	Net Carrying Amount
2024							
Cash in banks	6	Performing	12m ECL	P120,262,827	P -	P -	120,262,827
Short-term investment	7	Performing	12m ECL	10,225,563	-	-	10,225,563
Commissions receivable	8	N/A	Lifetime ECL-not credit-impaired	38,424,972	-	-	38,424,972
Commissions receivable	8	N/A	Lifetime ECL-not credit-impaired	-	63,787,762	(51,173,227)	12,614,535
Accrued interest	7, 8	Performing	12m ECL	18,191	-	-	18,191
				P168,931,553	63,787,762	(51,173,227)	181,546,088

	Note	Internal Credit Rating	12m or Lifetime ECL?	Unimpaired Amounts	Impaired Amounts	Loss Allowance	Net Carrying Amount
2023							
Cash in banks	6	Performing	12m ECL	P92,357,224	P -	P -	P92,357,224
Short-term investment	7	Performing	12m ECL	10,075,000	-	-	10,075,000
Commissions receivable	8	N/A	Lifetime ECL-not credit-impaired	10,590,914	-	-	10,590,914
Commissions receivable	8	N/A	Lifetime ECL-not credit-impaired	-	71,349,253	(40,153,428)	31,195,825
Accrued interest	7, 8	Performing	12m ECL	18,191	-	-	18,191
				P113,041,329	P71,349,253	(P40,153,428)	P144,237,154

For commissions receivable, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the ECL on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 includes further details on the loss allowance for these assets.

Liquidity Risk

Liquidity risk arises when the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains adequate highly liquid assets in the form of cash to assure necessary liquidity.

The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The table below analyzes the Company's financial liabilities which have contractual maturities of within one year.

	Note	Within One Year	Total
2024			
Accrued expenses and other payables	11	P3,498,712	P3,498,712
Due to insurance companies	12	21,709,669	21,709,669
Dividends payable		32,500,000	32,500,000
Due to shareholders	13	61,194,150	61,194,150
		P118,902,531	P118,902,531
<hr/>			
	Note	Within One Year	Total
2023			
Accrued expenses and other payables	11	P2,200,726	P2,200,726
Due to insurance companies	12	23,996,549	23,996,549
Due to shareholders	13	48,350,074	48,350,074
		P74,547,349	P74,547,349

6. Cash

Cash at the end of the reporting period, as shown in the statements of cash flows, can be reconciled to the related items in the statements of financial position as follows:

	2024	2023
Cash on hand	P329,990	P267,355
Cash in banks	126,758,982	92,357,224
	P127,088,972	P92,624,579

Cash in banks earned average interest of 0.01% in 2024 and 2023. Total interest earned from cash in banks amounted to P0.17 million and P0.03 million in 2024 and 2023, respectively, presented as part of Other income in Note 16.

Included in the Company's cash amounting to P22.00 million and P24.00 million as at December 31, 2024 and 2023, respectively, are restricted for premium-related transactions (see Note 12).

7. Short-term Investment

Short-term investment amounting to P10.00 million and P10.08 million as at December 31, 2024 and 2023 pertains to a time deposit with a maturity of six months from the date the deposit was made. This short-term investment carries 1.0% interest rate per annum with interest recognized amounting to P0.13 million and P0.12 million in 2024 and 2023, respectively, presented as part of Other income in Note 16. Accrued interest amounted to P0.02 million and P0.02 million as at December 31, 2024 and 2023, respectively, as disclosed in Note 8.

8. Commissions and Other Receivables - net

The details of the Company's commissions and other receivables are shown below:

	2024	2023
Commissions receivable	P100,177,626	P81,940,167
Less: Allowance for ECL	(52,175,104)	(40,153,428)
	48,002,522	41,786,739
Receivables from officers and employees	1,976,197	1,271,940
Accrued interest	44,722	18,191
	P50,023,441	P43,076,870

Commissions receivable is usually due within 90 days and non-interest bearing. The Company has not identified presence of specific concentrations of credit risk with regard to commissions receivable as the amounts recognized represent a large number of receivables from various insurance companies.

Receivables from officers and employees are subject to liquidation. Movements in the allowance for ECL as at December 31 are as follows:

	2024	2023
Balance, January 1	P40,153,428	P31,059,132
Provisions for ECL	12,021,676	9,094,296
Balance, December 31	P52,175,104	P40,153,428

Allowance for ECL is recognized against receivables based on estimated non-recoverable amounts determined by reference to past default experience with the counterparty. The Company assessed the probability of default on its insured counterparties at the day of initial recognition of receivable and loss-given default for all receivables aging over 365 days because historical experience shows that such receivables are doubtful of collection. The Company has adopted the simplified approach in assessing the probability of default and loss given default rates.

The Company recorded a direct write-off of their receivables amounting to P0.41 million and P1.44 million in 2024 and 2023, respectively.

9. Current Tax Assets - net

The Company's current tax asset consists of:

	2024	2023
Current tax asset	P329,183	P1,920,977
Less: Allowance for unusable tax asset	-	1,233,080
	P329,183	P687,897

Current tax assets pertain to creditable withholding tax that are still collectible and tax credit from over payment in the past. No movement in allowance for unusable tax asset account as at December 31, 2024 and 2023.

10. Property and Equipment

Movement in the carrying amounts of the Company's property and equipment is as follows:

	Transportation Equipment	Office and Computer Equipment	Leasehold Improvements	Total
Cost				
Balance, January 1, 2023	P815,033	P4,180,593	P44,697	P5,040,323
Additions	-	-	-	-
Balance, December 31, 2023	815,033	4,180,593	44,697	5,040,323
Additions	-	206,072	-	206,072
December 31, 2024	815,033	4,386,665	44,697	5,246,395
Accumulated Depreciation				
Balance, January 1, 2023	815,033	3,905,084	44,697	4,764,814
Depreciation	-	141,638	-	141,638
Balance, December 31, 2023	815,033	4,046,722	44,697	4,906,452
Depreciation	-	17,746	-	17,746
Balance, December 31, 2024	815,033	4,064,468	44,697	4,924,198
Carrying Amounts				
December 31, 2023	P -	P133,871	P -	P133,871
Carrying Amounts December 31, 2024	P -	P322,197	P -	P322,197

Fully depreciated property and equipment with a total cost of P4.94 million and P4.94 million is still in use by the Company as at December 31, 2024 and 2023, respectively.

As at December 31, 2024 and 2023, Management believes that the carrying amounts of the Company's property and equipment exceed its recoverable amounts, hence, no impairment loss is recognized.

11. Accrued Expenses and Other Payables

The account consists of the following:

	2024	2023
Advances from customers	P28,434,934	P13,500,872
Deferred output value-added tax (VAT)	13,843,311	9,760,761
Accrued expenses	3,354,195	2,200,726
Withholding and other taxes	(16,204)	742,798
VAT payable - net	776,775	331,034
	P46,393,011	P26,536,191

Advances from customers pertain to premium payments made by the policyholders prior to commencement dates of respective insurance policies.

Deferred output VAT relates to the VAT on commissions and retail fees not yet received. Withholding and other taxes pertains to taxes withheld and accrued.

Accrued expenses pertain to liabilities relating to operating expenses.

12. Due to Insurance Companies

The Company has agreements with third party insurance companies to promote the business and interest of the insurance companies, collect all premiums due on all insurance directly solicited by and/or credited to the Company and remit premiums, taxes and charges collected for a policy issued by the insurance companies.

Under the terms of these agreements, the Company is entitled to remuneration equal to a percentage of the premiums written, net of taxes. Expenses incurred in connection with its brokerage services are for the Company's account.

Unremitted premiums collections pertain to insurance premiums collected from the policyholder, net of the Company's commission, that remain unremitted to insurance companies as at the end of reporting period, for which no interest is charged by the insurance companies. These unremitted premiums collections amounted to P27.88 million and P24.00 million as at December 31, 2024 and 2023, respectively (See Note 6).

Being under pass-through arrangements, the premiums due from policyholders are collectible by the Company for the account of insurance companies and are due to be remitted to the insurance companies within 90 days from the date of collection.

13. Related Party Transaction

The summary of the Company's transactions and outstanding balances with related parties as at and for the years ended December 31, 2024 and 2023 is as follows:

Nature of Transaction	Note	Transaction During the Year		Outstanding Payable		Terms	Conditions
		2024	2023	2024	2023		
Shareholders							
Management fees	18, a	P2,640,000	P2,640,000	P220,000	P220,000	Payable on demand by cash; non-interest bearing	Unsecured, unguaranteed
Collection services	13, 18, b	16,941,993	16,570,915	51,670,737	47,206,074	Payable on demand by cash; non-interest bearing	Unsecured, unguaranteed
Rentals	c, d	990,000	990,000	924,000	924,000	Payable on demand by cash; non-interest bearing	Unsecured, unguaranteed
Due to shareholders				P52,814,737	P48,350,074		

Details of the Company's related party transactions are as follows:

- a. The Company entered into a Memorandum of Agreement with Lockton whereby the latter shall provide the Company with various support services, including, but not limited to, accounting, payroll, disbursements, engineering survey, claims assistance, IT system development and maintenance support, technical resource, insurer's accreditation resource, technical support, human resource development and market access for a total consideration of P2.64 million payable every month.
- b. In accordance with the joint venture agreement among the shareholders of the Company, DBP and DBP-PF shall receive service fees for collecting premiums on behalf of the Company at an amount equivalent to 27.5% of the commissions collected every month.
- c. In June 2022, the Company entered into a rent agreement with Lockton for a period of one year beginning June 4, 2022 up to June 4, 2023 for a fixed monthly rental fee of P0.08 million. The contract was renewed for another year for the same terms. Rent expense related to this agreement and charged to operations amounted to P1.00 million in 2024 and 2023.
- d. In September 2022, the Company entered into a rent agreement with DBP for a period of one year beginning November 15, 2022 up to November 15, 2023 for a fixed monthly rental fee of P2,984. The rent is for a space for the Company's helpdesk in the DBP Building. Rent expense related to this agreement and charged to operations amounted to P0.04 million in 2024 and 2023.

Remuneration of Key Management Personnel

In 2024 and 2023, key management personnel function was performed by the management personnel of Lockton.

14. Equity

Share Capital

Details about the Company's authorized and issued share capital as at December 31, 2024 and 2023 are as follows:

	2024	2023
Authorized:		
400,000 common share, P100 par value	P40,000,000	P40,000,000
Issued, fully paid and outstanding		
100,000 common share, P100 par value	P10,000,000	P10,000,000

The Company has one class of common share that carries voting and dividend rights.

Retained Earnings and Dividend Declaration

Under the joint venture agreement disclosed in Note 1, the Company will declare dividends should the accumulated unappropriated retained earnings reach at least 30% of its paid-up capital.

The Company's retained earnings amounted to P64.00 million and P47.94 million as at December 31, 2024 and 2023, respectively.

Under the Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital stock, except:

- a. when justified by definite corporate expansion projects or programs approved by the BOD;
- b. when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not yet been secured; or
- c. when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies.

To comply with Section 42 of the Code prohibiting stock corporations from retaining surplus profits in excess of one hundred (100%) percent of their paid-in capital, the Company is yet to declare additional dividends in the following year for the amount in excess of the share capital.

The Company's retained earnings as at December 31, 2024 amounting to P50.95 million exceeds the Company's paid-in capital by P40.95 million, in accordance with Securities and Exchange Commission Memorandum Circular No. 16 Series of 2023, Revised Guidelines on the Determination of Retained Earnings Available for Dividend Declaration.

15. Commissions

The Company's commissions consist of:

	2024	2023
Commission income	P73,820,365	P77,394,631
Retail fees	216,059	7,141
	P74,036,424	P77,401,772

16. Other Income

This account consists of:

	<i>Note</i>	2024	2023
Unapplied receipts from insured		P57,362	P139,582
Interest income from:			
Short-term investment	7	127,617	116,489
Cash in banks	6	170,543	32,685
		P355,522	P288,756

17. Outside Services

The Company's outside services consist of:

	<i>Note</i>	2024	2023
Collection service fees	14	P17,295,306	P16,570,915
Professional fees		4,681,472	699,717
Management fees	14	2,640,000	2,640,000
Subcontractor fees		1,879,178	1,439,958
		P26,495,956	P21,350,590

Collection service fees pertains to the 27.5% collection service fees that is due either to Development Bank of the Philippines (DBP) and Development Bank of the Philippines - Provident Fund (DBP-PF) for collecting premiums on behalf of the Company.

Professional fees pertains for the Company's cost of audit and legal expenses.

Management Fees pertains to the fees paid to Lockton for the various support services they offer.

Subcontractor Fees pertains to the fees paid to the partner agency of the company for the contractual employees of the Company.

18. Salaries and Other Employee Benefits

The details of this account consist of:

	2024	2023
Salaries and wages	P6,024,566	P4,447,348
Other employee benefits	379,520	268,069
	P6,404,086	P4,715,417

19. Income Taxes

Components of income tax expense charged to profit or loss are as follows:

	<i>Note</i>	2024	2023
Current tax expense		P8,356,055	P11,793,391
Deferred tax benefit	20	(3,015,889)	(2,273,573)
		P5,340,166	P9,519,818

The reconciliation between tax expense and the product of accounting profit multiplied by 25% as follows:

	2024	2023
Profit before tax	P46,072,123	P36,790,227
Tax expense	P11,518,031	P9,197,557
Tax effects of:		
Interest income subject to final tax	(15,695)	(37,293)
Non-deductible expenses	-	359,554
	P11,502,336	P9,519,818

20. Deferred Taxes

The following are the composition of deferred taxes recognized by the Company:

	Balance January 1, 2023	Charged to Profit and Loss	Balance December 31, 2023	Charged to Profit and Loss	Balance December 31, 2024
<i>Deferred Tax Asset</i>					
Allowance for ECL	P7,764,783	P2,273,573	P10,038,356	P3,015,889	P13,054,245
	P7,764,783	P2,273,573	P10,038,356	P3,015,889	P13,054,245

21. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

As at December 31, 2024 and 2023, the Company has complied with the minimum capital requirement of the Insurance Commission (IC) for an insurance broker as set forth in IC Circular Letter 2018-52 stating that the minimum capital requirement for existing insurance broker is P10.00 million.

As at December 31, 2024 and 2023, the Company's net worth amounted to P74.06 million and P57.94 million, respectively. The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

22. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

In addition to the disclosures mandated under PFRS Accounting Standards, and such other standards and/or conventions as may be adopted, entities are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRS Accounting Standards. The following is the tax information required for the taxable year ended December 31, 2024:

Based on RR No. 15-2010

A. VAT

1. Output VAT	P6,123,710
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Account title used:	
Basis of the Output VAT:	
Vatable sales	P51,030,918
Zero rated sales	-
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2. Input VAT	
Beginning of the year:	P -
Current year's domestic purchases:	
a. Goods for resale/manufacture or further processing	271,416
b. Goods other than for resale or manufacture	-
c. Capital goods subject to amortization	-
d. Capital goods not subject to amortization	-
e. Services lodged under cost of goods sold	-
f. Services lodged under other accounts	5,995,944
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Total allowable input vat	752,083
Claims for tax credit/tax refund and other adjustment	752,083
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Balance at end year	P -
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The amounts presented above are based on the actual amounts collected for services rendered and the amounts paid for the purchases subject to VAT. The input VAT balance includes goods other than for resale or manufacture, capital goods, incurred services lodged under cost of services.

B. Withholding Taxes

Expanded withholding taxes	P5,897,973
Compensation tax	191,561
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	P6,089,534
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The above withholding taxes pertain to total remittances to tax authority for the year from January 2024 to December 2024.

C. All Other Taxes (Local and National)

Other taxes paid during the year recognized under	
"Taxes and licenses" account under Expenses	
Documentary stamp taxes	P -
License and permit fees	741,902
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	P741,902
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D. Tax assessment and Cases

On December 20, 2021, the Company received a Letter of Authority (LOA) from the BIR for the taxable year 2020. The Company submitted all the documents and schedule requested in the LOA. The Company received Final Assessment Notice (FAN) on October 17, 2022. A protest was submitted by the Company on November 15, 2022 and provided documents on January 13, 2023. On September 11, 2023, the Company received the final decision on disputed assessment.

A request for reconsideration was submitted by the Company on October 26, 2023, pending response from BIR.