Amalgamated Investment Bancorporation

Financial Statements
As at and for the years ended December 31, 2024 and 2023

Independent Auditor's Report

To the Board of Directors and Shareholders of
Amalgamated Investment Bancorporation
11th Floor, Multinational Bancorporation Building
6805 Ayala Avenue, Makati City

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Amalgamated Investment Bancorporation (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.

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the 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 Code of Ethics.

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 PSA 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 PSA, 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 Bureau of Internal Revenue (BIR) Requirements

Our audits were 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 financial statements is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits 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.

Isla Lipana & Co.

Zaldy D. Aguirre
Partner
CPA Cert No. 0105660
P.T.R. No. 0024447, issued on January 3, 2025, Makati City
TIN 221-755-698
BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
June 5 2025

Amalgamated Investment Bancorporation

Statements of Financial Position
December 31, 2024, and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Assets			
Cash and cash equivalents	2	2,757,742,627	1,950,760,127
Loans and receivables, net	3	989,674,847	1,510,327,948
Financial assets at fair value through profit or loss (FVTPL)	4	266,523,142	895,489,138
Financial assets at fair value through other comprehensive income (FVOCI)	5	477,687,182	458,881,691
Deferred income tax assets, net	16	90,836,096	83,958,885
Property and equipment, net	6	23,087,725	28,407,681
Other assets, net	7	154,429,883	158,759,956
Total assets		4,759,981,502	5,086,585,426
Liabilities and Equity			
Notes payable	8	3,979,100,300	4,100,000,000
Trade and other payables	9	54,436,062	42,674,041
Retirement benefit obligation	15	17,930,600	22,653,443
Income tax payable	16	11,449,134	1,156,709
Total liabilities		4,062,916,096	4,166,484,193
Share capital	10	300,000,000	300,000,000
Additional paid-in capital		701,500	701,500
Retained earnings	10	931,292,710	824,739,062
Treasury shares	10	(713,696,007)	(363,696,007)
Other comprehensive income	5,15	178,767,203	158,356,678
Total equity		697,065,406	920,101,233
Total liabilities and equity		4,759,981,502	5,086,585,426

(The notes on pages 1 to 31 are an integral part of these financial statements.)

Amalgamated Investment Bancorporation

Statements of Comprehensive Income
For the years ended December 31, 2024, and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Income			
Brokerage fees and other related income	11	375,605,395	154,110,504
Financial advisory and underwriting fees	12	148,755,500	131,833,875
Interest income	11	170,861,316	263,097,354
Dividend income	18	844,932	761,072
Gain on redemption of shares	5	-	6,485,712
Foreign exchange (loss) gain, net	20	(3,196,317)	2,323,900
		692,870,826	558,612,417
Expenses			
Compensation and other employee benefits	13	119,929,244	114,545,980
Interest expense on loans	8	149,919,795	51,486,510
Taxes and licenses		65,684,145	33,015,863
Management and professional fees		36,028,705	31,852,348
Provision for impairment losses	3	25,000,000	83,665,450
Subscription on magazine and periodicals		21,442,817	24,423,882
Rent	17	14,937,685	13,645,942
Messengerial services		11,068,692	9,449,495
Depreciation	6	10,330,966	9,428,966
Marketing and advertising		7,372,730	7,593,400
Amortization of software costs	7	7,157,246	6,046,887
Communications		6,252,159	6,570,148
Transportation and travel		5,728,197	4,024,097
Commissions		4,847,269	5,540,265
Entertainment, amusement and recreation		4,409,551	4,961,391
Utilities		3,070,025	3,610,740
Stationeries and office supplies		3,041,360	2,398,020
Insurance		1,751,287	1,514,254
Others	14	5,581,978	3,679,492
		503,553,851	417,453,130
Income before income tax		189,316,975	141,159,287
Income tax expense	16		
Current		55,969,146	51,825,183
Deferred		(7,069,289)	(23,544,132)
		48,899,857	28,281,051
Net income for the year		140,417,118	112,878,236
Other comprehensive (loss) income			
Item that will subsequently reclassified to profit or loss			
Net unrealized gain (loss) on financial assets at FVOCI	5	18,669,152	(40,587,311)
Item that will not subsequently reclassified to profit or loss			
Remeasurement gain (loss) on retirement benefit obligation, net of tax	15	1,741,373	(40,683)
Total other comprehensive gain (loss)		20,410,525	(40,627,994)
Total comprehensive income		**160,827,643**	**72,250,242**

(The notes on pages 1 to 31 are an integral part of these financial statements.)

Amalgamated Investment Bancorporation

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(All amounts in Philippine Peso)

	Share capital (Note 10)	Additional paid-in capital	Retained earnings (Note 10)	Treasury shares	Other Comprehensive Income (Note 5 and Note 15)	Total equity
Balances at January 1, 2023	300,000,000	701,500	742,212,826	(363,696,007)	198,984,672	878,202,991
Transaction with owners						
Cash dividends	-	-	(30,352,000)	-	-	(30,352,000)
Comprehensive income						
Net income for the year	-	-	112,878,236	-	-	112,878,236
Other comprehensive loss	-	-	-	-	(40,627,994)	(40,627,994)
Total comprehensive income	-	-	112,878,236	-	(40,627,994)	72,250,242
Balances at December 31, 2023	300,000,000	701,500	824,739,062	(363,696,007)	158,356,678	920,101,233
Transaction with owners						
Cash dividends	-	-	(33,863,470)	-	-	(33,863,470)
Treasury shares	-	-	-	(350,000,000)	-	(350,000,000)
Comprehensive income						
Net income for the year	-	-	140,417,118	-	-	140,417,118
Other comprehensive loss	-	-	-	-	20,410,525	20,410,525
Total comprehensive income	-	-	140,417,118	-	20,410,525	160,827,643
Balances at December 31, 2024	300,000,000	701,500	931,292,710	(713,696,007)	178,767,203	697,065,406

(The notes on pages 1 to 31 are an integral part of these financial statements.)

Amalgamated Investment Bancorporation

Statements of Cash Flows
For the years ended December 31, 2024, and 2023
(All amounts in Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Income before income tax		189,316,975	141,159,287
Adjustments for:			
Provision for impairment losses	3	25,000,000	83,665,450
Interest expense	8	149,919,795	51,486,510
Depreciation	6	10,330,966	9,428,966
Amortization of software costs	7	7,157,246	6,046,887
Unrealized foreign exchange loss (gain), net	20	2,901,705	5,279,107
Retirement expense	13,15	5,598,987	4,840,327
Dividend income	5,18	(844,932)	(761,072)
Gain on redemption of shares	5	-	(6,485,712)
Fair value gain on FVTPL	4	(2,360,556)	(3,735,216)
Interest income	11	(170,861,316)	(263,097,354)
Operating income before working capital changes		216,158,870	173,733,082
Increase decrease in:			
Loans and receivables		495,653,102	(1,077,564,654)
Other assets		(35,499,237)	(141,990,217)
(Decrease) increase in trade and other payables		3,724,582	(146,276,970)
Net cash used in operations		680,037,317	(1,192,098,759)
Interest received		170,861,316	263,097,354
Interest paid		(149,919,795)	(51,486,510)
Income taxes paid		(5,258,886)	(70,511,242)
Net cash used in operating activities		695,719,952	(2,389,003,818)
Cash flows from investing activities			
Proceeds from redemption of shares	5	-	60,000,050
Acquisitions of financial assets at FVOCI	5	-	(44,800)
Acquisitions of software	7	(5,270,592)	(4,455,904)
Acquisitions of property and equipment	6	(9,336,111)	(20,019,992)
Dividends received	5,18	844,932	761,072
Proceeds from retirement of property and equipment	6	4,325,101	4,756,053
Proceeds from disposal of financial assets at FVTPL		889,086,224	-
Acquisitions of financial assets at FVTPL		(260,120,228)	(889,086,224)
Net cash used in investing activities		619,529,326	(848,089,745)
Cash flows from financing activities			
Proceeds from notes payable	8	36,815,282,300	16,942,632,408
Payment of notes payable	8	(36,936,182,000)	(15,342,632,408)
Dividends paid	10	(33,863,470)	(30,352,000)
Treasury paid	10	(350,000,000)	-
Net cash (used in) from financing activities		(504,763,170)	1,569,648,000
Net decrease in cash and cash equivalents		810,486,108	(475,346,804)
Cash and cash equivalents			
January 1		1,950,760,127	2,428,507,560
Effect of exchange rate changes in cash		(3,503,608)	(2,400,629)
December 31	2	2,757,742,627	1,950,760,127

(The notes on pages 1 to 31 are an integral part of these financial statements.)

Amalgamated Investment Bancorporation

Notes to the Financial Statements
As at and for the years ended December 31, 2024 and 2023
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

1 General information

Amalgamated Investment Bancorporation (the "Company") is a privately-owned domestic corporation, registered with the Philippine Securities and Exchange Commission (SEC) on August 27, 1997. The Company operates as an investment house engaged in underwriting securities and commercial papers, financial advisory and money market operations without a quasi-banking license.

The Company is 75.00% owned by MF-AIB Holdings, Inc. and 25.00% owned by Pioneer Ventures Inc., both entities were registered in the Philippines.

The Company's registered office address, which is also its principal place of business, is at 11th Floor, Multinational Bancorporation Building, 6805 Ayala Avenue, Makati City.

The Company has 59 and 56 employees as at December 31, 2024 and 2023, respectively.

Approval of the financial statements

These financial statements have been approved and authorized for issuance by the Company's Board of Directors (BOD) on April 23, 2025. There are no material events that occurred subsequent to April 23, 2025 until June 5, 2025.

2 Cash and cash equivalents

This account as at December 31 consists of:

	2024	2023
Cash on hand	29,919	29,919
Cash in banks	2,705,820,953	1,845,168,661
Cash equivalents	51,891,755	105,561,547
	2,757,742,627	1,950,760,127

Cash in banks comprise deposits held at call with banks and are unrestricted as to withdrawal. Cash in banks earn interest at the prevailing bank deposits rates ranging from 0.13% to 5.75% in 2024 and 2023.

The Company invested portion of its available cash in high yielding short-term time deposits and earn interest at the prevailing rates ranging from 3.68% to 6.25% and 5.80% to 6.13% in 2024 and 2023, respectively. The outstanding balance of short-term time deposits as at December 31, 2024 amounts to P51.89 million (2023 - P105.56 million).

Interest income earned from cash and cash equivalents amounts to P14.29 million in 2024 (2023 - P117.19 million).

3 Loans and receivables, net

This account as at December 31 consists of:

	Note	2024	2023
Loans and receivables			
Third parties		1,309,028,097	1,801,584,762
Related parties	18	30,816,544	33,659,347
Allowance for expected credit loss (ECL)		(356,505,762)	(331,505,762)
		983,338,879	1,503,738,347
Advances to employees and suppliers		6,335,968	6,589,601
		989,674,847	1,510,327,948

The bulk of the loans and other receivables pertain to a restructured loan to a third party amounting to P1,095 million (2023 - 1,584 million). Accordingly, sufficient provision was made for impairment losses.

Due from related parties include receivables from subsidiaries and other affiliates which are unsecured, non-interest bearing, collectible on demand in cash and are short-term in nature.

Advances to employees pertain to a car plan granted by the Company to its management employees. The costs of such cars were initially shouldered by the Company and are subsequently collected through monthly salary deduction.

Advances to suppliers pertain to contractors' progress billings for office improvements services that are yet to be completed.

The Company's loans and receivables as at reporting date are all classified as current.

Movements in allowance for ECL for the years ended December 31 follow:

	2024	2023
At January 1	331,505,762	247,840,312
Provision for ECL during the year	25,000,000	83,665,450
At December 31	356,505,762	331,505,762

4 Financial assets at fair value through profit or loss (FVTPL)

This account as at December 31 consists of :

	2024	2023
Debt securities - quoted; at fair value		
Government	154,590,348	106,996,385
Private	109,264,867	785,825,055
	263,855,215	892,821,440
Equity securities - unquoted; at cost	2,667,927	2,667,698
	266,523,142	895,489,138

In 2024 and 2023, equity investment at FVTPL consists of a 1% ownership on DirectwithHotels, Inc., a company incorporated in the Cayman Islands which engages in hotel partnerships booking.

The unrealized fair value gain on financial assets at FVTPL amounting to P2,360,556 in 2024 (2023 - P3,735,216) is presented as part of service fees, net, in the statement of comprehensive income.

5 Financial assets at fair value through other comprehensive income (FVOCI)

This account, pertaining to investments in subsidiaries classified as financial assets at FVOCI in the Company's separate financial statements, as at December 31 consists of :

	% of ownership	2024	2023
Quoted			
Makati Finance Corporation (MFC)	44%	237,571,199	224,288,219
Unquoted			
AIB Money Market Mutual Fund, Inc. (AIB Mutual Fund)	100%	165,704,631	160,182,120
Hackensack AIB Philippines Corporation (Hackensack)	100%	15,000,000	15,000,000
AIB Asia Asset Management, Inc. (AIB Asset Management)	100%	57,086,352	57,086,352
AIB Real Estate Ventures Corp. (AIB Real Estate)	100%	2,300,000	2,300,000
AIB Markets, Inc. (AIB Markets)	100%	25,000	25,000
		477,687,182	458,881,691

Makati Finance Corporation (MFC)

MFC was incorporated and registered with the SEC on February 17, 1966. The Company is a domestic corporation engaged in the sale of various financial products and services, catering generally to the consumer market.

AIB Mutual Fund

AIB Mutual Fund was organized to carry on the business as an open-end investment company. It was registered on March 27, 2015 with the SEC under the Investment Company Act of 1960 (Republic Act (RA) No. 2629) and the Securities Regulation Code (RA No. 8799). The Fund's objective is capital preservation with returns and inflows derived out of investments in a diversified portfolio composed mostly of Peso-denominated short-term securities or fixed-income instruments representing high-quality, liquid debt and monetary instruments.

Hackensack

Hackensack was organized to purchase, lease, own, hold, improve, develop, and manage any real estate acquired and build or rebuild, enlarge, alter, or improve any buildings or other structures erected in any land so owned, held or occupied and to mortgage, sell, lease, or otherwise dispose of any land. It was registered with the SEC on July 25, 2014, and has not yet started commercial operations thereafter.

AIB Asset Management

AIB Asset Management was organized primarily to manage, provide, and render management and technical advice and other services, which includes transfer agency services, for natural persons, mutual funds, corporations and other entities. As far as the law permits, AIB Asset Management may also purchase, subscribe for, or otherwise acquire, mortgage, sell and deal in securities of every kind and description; including but not limited to stocks, bonds, notes, and commercial papers. It was incorporated and registered with the SEC on March 6, 2018.

AIB Real Estate

AIB Real Estate was organized to purchase, lease, invest, own, improve, develop, subdivide, operate, manage any real estate and properties so acquired and to erect on any land own, held or occupied by corporation, housing projects or buildings or structures at any time held or owned and to engage in real estate. It was registered with the SEC on October 20, 2014, and has not yet started commercial operations thereafter.

AIB Markets

AIB Markets was incorporated on August 19, 1998, primarily to hold assets for investment purposes and to aid any corporation either by granting of loan or guaranty of securities or in any other manner, and has not yet started commercial operations thereafter.

The Company and its subsidiaries were incorporated in the Philippines. All subsidiaries, except MFC, have the same registered office address and principal place of business as the Company. MFC's office address and principal place of business is at 3/F Mazda Makati Bldg., 2301 Chino Roces Avenue, Makati City.

The movement in the Company's financial assets at FVOCI for the years ended December 31 are as follows:

MFC

	2024	2023
At January 1	224,288,219	275,613,546
Subscriptions	136,340	44,800
Fair value loss	13,146,640	(51,370,127)
At December 31	237,571,199	224,288,219

The Company received P844,932 in cash dividends in 2024 (2023 - P761,072).

AIB Mutual Fund

	2024	2023
At January 1	160,182,120	200,000,000
Redemptions	-	(53,514,294)
Fair value gain	5,522,511	13,696,414
At December 31	165,704,631	160,182,120

In 2024, there were no share redemptions. In 2023, 55,172,420 shares were redeemed for P60 million.

AIB Asset Management

	2024	2023
At January 1	57,086,352	60,000,000
Redemptions	-	(50)
Fair value loss	-	(2,913,598)
At December 31	57,086,352	57,086,352

Movements in the net unrealized gain (loss) on financial assets at FVOCI for the years ended December 31 are as follows:

	2024	2023
As at January 1	165,945,522	206,532,833
Fair value (loss) gain		
MFC	13,146,640	(51,370,127)
AIB Mutual Fund	5,522,511	13,696,414
AIB Asset Management	-	(2,913,598)
As at December 31	184,614,673	165,945,522

Investments in Hackensack, AIB Real Estate, and AIB Markets have either just started or are at pre-operating stages. Thus, management deems that the fair values of these investments approximate their carrying amounts as at December 31, 2024 and 2023.

The key financial information of the subsidiaries as at and for the years ended December 31 are as follows:

	2024			
Entity	Total assets	Total liabilities	Revenues	Net income (loss)
MFC	1,143,574,571	556,769,515	199,719,671	14,462,421
AIB Mutual Fund	170,110,489	284,264	9,376,778	5,836,107
AIB Asset Management	59,490,772	597,162	3,763,237	1,807,450
Hackensack*	15,122,127	818,307	-	(71,658)
AIB Real Estate*	2,317,758	655,933	-	(71,388)
AIB Markets*	28,236	1,482,531	-	(66,936)

Based from unaudited balances

	2023			
Entity	Total assets	Total liabilities	Revenues	Net income (loss)
MFC	1,155,883,250	584,807,218	180,171,708	12,923,549
AIB Mutual Fund	160,346,451	156,124	10,368,221	7,337,090
AIB Asset Management	57,207,149	121,000	2,696,486	1,543,396
Hackensack*	15,122,127	746,649	-	(191,965)
AIB Real Estate*	4,888,511	3,155,298	-	(65,663)
AIB Markets*	28,236	1,414,802	-	(68,031)

Based from unaudited balances

6 Property and equipment, net

The details of and movements in this account as at and for the years ended December 31 are as follows:

	2024			
	Transportation equipment	Furniture, fixtures and equipment	Leasehold improvement	Total
Cost				
At January 1	32,495,481	8,198,722	22,474,208	63,168,411
Additions	6,503,563	2,373,836	458,712	9,336,111
Retirement	(8,567,919)	-	-	(8,567,919)
At December 31	30,431,125	10,572,558	22,932,920	63,936,603
Accumulated depreciation				
At January 1	11,631,427	7,446,737	15,682,566	34,760,730
Depreciation	5,927,800	1,252,813	3,150,353	10,330,966
Retirement	(4,242,818)	-	-	(4,242,818)
At December 31	13,316,409	8,699,550	18,832,919	40,848,878
Carrying amount	17,114,716	1,873,008	4,100,001	23,087,725

	2023			
	Transportation equipment	Furniture, fixtures and equipment	Leasehold improvement	Total
Cost				
At January 1	28,677,924	8,550,634	18,980,073	56,208,631
Additions	15,818,161	707,696	3,494,135	20,019,992
Retirement	(12,000,604)	(1,059,608)	-	(13,060,212)
At December 31	32,495,481	8,198,722	22,474,208	63,168,411
Accumulated depreciation				
At January 1	14,042,727	6,529,026	13,064,170	33,635,923
Depreciation	5,444,626	1,365,944	2,618,396	9,428,966
Retirement	(7,855,926)	(448,233)	-	(8,304,159)
At December 31	11,631,427	7,446,737	15,682,566	34,760,730
Carrying amount	20,864,054	751,985	6,791,642	28,407,681

As at December 31, 2024, the Company has fully depreciated property and equipment that are still in use with original cost amounting to P19.35 million (2023 - P14.92 million). Fully depreciated assets with a net book value of P4.33 million have been retired in (2023 - P4.76 million). The Company sold the retired property and equipment to separated employees at a price equivalent to its net book value. There were no gains or losses recognized by the Company as a result of the retirement.

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

7 Other assets, net

This account as at December 31 consists of:

	Note	2024	2023
Current			
Prepaid expense		4,350,396	6,833,818
Non-current			
Receivable from customers		64,435,900	62,185,072
Restricted funds		60,000,000	60,000,000
Software cost		17,798,783	19,685,437
Rental deposit	17	3,370,407	3,265,847
Others		4,474,397	6,789,782
		150,079,487	151,926,138
		154,429,883	158,759,956

Receivable from customers pertain to amounts due from customers related to its brokerage portfolio.

Prepaid expenses mainly include prepayments on rent and insurance.

The movement in the software costs as for the years ended December 31 follow:

	2024	2023
Cost		
At January 1	31,420,815	26,964,911
Additions	5,270,592	4,455,904
At December 31	36,691,407	31,420,815
Accumulated amortization		
At January 1	11,735,378	5,688,491
Amortization	7,157,246	6,046,887
At December 31	18,892,624	11,735,378
Carrying amount	17,798,783	19,685,437

Restricted funds pertain to cash temporarily restricted and intended for placements in long-term investments.

Other assets are expected to be realized within 12 months from the reporting date.

8 Notes payable

This account consists of unsecured short-term Peso denominated borrowings from local banks and financial institutions payable within one month from drawdown and with interest rates ranging from 4.6% to 8.6% in 2024 (2023 - 5.9% to 8.5%). These are being utilized for the Company's money market operations.

The movement in the account as at December 31 follow:

	2024	2023
At January 1	4,100,000,000	2,500,000,000
Availments	36,815,282,300	16,942,632,408
Payments	(36,936,182,000)	(15,342,632,408)
At December 31	3,979,100,300	4,100,000,000

Interest expense on notes payable amounts to P149.92 million in 2024 (2023 - P51.49 million).

There are no securities nor properties pledged for notes payable in 2024 and 2023. There are no debt covenants attached to these loans in 2024 and 2023.

9 Trade and other payables

This account as at December 31 consists of:

	2024	2023
Payable to government agencies	35,478,938	25,720,326
Accrued expenses	12,969,951	16,953,715
Trade payables to customers	5,987,173	-
	54,436,062	42,674,041

Payable to government agencies consists of withholding tax on compensation, final withholding tax, fringe benefits tax, documentary stamp tax, gross receipts tax and payable to various government agencies arising from mandatory contributions to PhilHealth, Pag-IBIG and Social Security System. Payable to government agencies are normally settled within 12 months from the reporting date.

Accrued expenses pertain to payables to suppliers and professional fees.

Trade payables in 2024 represent mostly accrued interest and premiums/discounts on brokered funds.

10 Equity

Share capital

Details of the account as at December 31, 2024 and 2023 follow:

	Number of shares	Amount
Authorized capital stock at P10 par value per share	100,000,000	1,000,000,000
Issued and outstanding at P10 par value per share	30,000,000	300,000,000
Treasury shares	18,000,000	713,696,007

As at January 1, 2021, the Company has 9,471,827 treasury shares amounting to P315.7 million. On May 25, 2021, the Company bought back 1,328,173 of its own shares from a shareholder for P48.0 million or P36.14 per share. On September 30, 2024, the Company bought back 7,200,000 shares from a shareholder for P48.61 per share.

Retained earnings

The details and movements of the retained earnings are as follows:

	Appropriated	Unappropriated	Total
Balances at January 1, 2023	363,696,007	378,516,819	742,212,826
Cash dividends	-	(30,352,000)	(30,352,000)
Net income for the year	-	112,878,236	112,878,236
Balances at Decemer 31, 2023	363,696,007	461,043,055	824,739,062
Cash dividends	-	(33,863,470)	(33,863,470)
Treasury shares	350,000,000	(350,000,000)	-
Net income for the year	-	140,417,118	140,417,118
Balances at December 31, 2024	713,696,007	217,596,703	931,292,710

The Company's appropriated retained earnings amount to P713.7 million and P363.7 million as at December 31, 2024 and 2023, respectively, which represents the cost of common shares held in treasury. In 2024, an additional P350.0 million was appropriated.

Stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except (a) when justified by definite corporate expansion projects or programs approved by the BOD; or (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/his 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 a need for special reserve for probable contingencies.

The Company has excess unappropriated retained earnings over its paid-in capital amounting to P160.34 million as at December 31, 2023.

On October 29, 2024, the BOD authorized the declaration of 6,000,000 treasury shares as property dividends, subject to the Securities and Exchange Commission's approval.

On July 24, 2024, the BOD of the Company authorized the reacquisition of 7,200,000 of its common shares for P350.0 million at P48.61 per share.

On April 26, 2024, the BOD of the Company approved the declaration of cash dividends of P33.86 million and cancellation of property dividend declared in 2023.

On April 26, 2023, the BOD of the Company approved the declaration of cash dividends of P30.35 million and property dividend consisting of 3,240,000 million treasury shares with par value of P32.40 million to shareholders of record as at December 31, 2023. The cash dividend was paid in July 2023. The property dividend distribution is subject to the approval of the Securities and Exchange Commission (SEC).

On August 14, 2023, the Company filed its application for property dividends with the SEC. As at December 31, 2023 and up until the approval date of the financial statements, the Company is yet to receive a response on its application.

On April 27, 2022, the BOD of the Company approved the declaration and payment cash dividends amounting to P67.33 million to shareholders of record as at March 31, 2022.

Other comprehensive income

The details and movements of other comprehensive income are as follows:

	Remeasurement loss on retirement benefit obligation (Note 15)	Net unrealized gain on financial assets at FVOCI (Note 5)	Total
Balances at January 1, 2023	(7,548,161)	206,532,833	198,984,672
Other comprehensive loss	(40,683)	(40,587,311)	(40,627,994)
Balances at Decemer 31, 2024	(7,588,844)	165,945,522	158,356,678
Other comprehensive loss	1,741,373	18,669,152	20,410,525
Balances at Decemer 31, 2024	(5,847,471)	184,614,674	178,767,203

11 Brokerage fees and other related income; Interest income

Brokerage fees and other related income

Service fees are earnings from loan syndication transactions pertaining to the purchase and or the brokering of securities and commercial papers issued by other enterprises or of the government. Services fees, net, for the year ended December 31, 2024 amount to P375.6 million (2023 - P154.11 million).

Interest income

The details of interest income are as follows:

	2024	2023
Restructured loans	156,566,664	145,905,902
Cash in banks and cash equivalents	14,294,652	117,191,452
	170,861,316	263,097,354

12 Financial advisory and underwriting fees

The Company provides loan arrangement services, corporate bonds underwriting and other capital raising activities, and earns up-front fees ranging from 1.5% to 4% the transaction amount in 2024 (2023 - 1% to 3.25%). For these services, the Company acts as an Adviser or Issue Manager and Lead Arranger or Selling Agent that shall arrange the capital raising requirements of the corporate issuer.

Fees earned from these transactions amount to P148.76 million in 2024 (2023 - P131.83 million).

13 Compensation and other employee benefits

The account for the years ended December 31 consists of:

	Note	2024	2023
Salaries and wages		94,769,396	91,807,535
Employee allowance and benefits		14,246,719	13,370,304
Retirement benefit expense	15	5,598,987	4,840,327
Compulsory social security contributions		5,314,143	4,527,814
		119,929,244	114,545,980

14 Other expenses

The account for the years ended December 31 consists of:

	2024	2023
Subscription	734,084	684,493
Repairs and maintenance	720,931	446,738
Training and development	503,738	573,910
Bank charges	343,897	467,111
Membership fees and dues	321,209	482,295
Assembly meals and reservations	213,095	211,418
Donations and contributions	128,150	185,200
Miscellaneous expenses	2,616,874	628,327
	5,581,978	3,679,492

Miscellaneous expenses in 2024 mainly include notary fees, registration fees, and other charges. In 2023, the miscellaneous expenses mainly includes trading fees, registration fees and other charges.

15 Retirement benefit obligation

The Company has a funded non-contributory retirement plan covering qualified employees.

Under the existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.
The actuarial valuation as at December 31, 2024 and 2023 was performed by an independent actuary who used the projected unit credit method in determining the annual retirement benefit costs and accrued retirement benefit costs of the Company as at December 31, 2024 and 2023.

Details of the retirement benefit obligation recognized in the statement of financial position as at December 31 are as follows:

	2024	2023
Present value of retirement benefit obligation	28,149,375	35,569,301
Fair value of plan assets	(10,218,775)	(12,915,858)
Retirement benefit obligation	17,930,600	22,653,443

The retirement benefit expense for the years ended December 31 consists of:

	Note	2024	2023
Current service cost		4,111,072	3,447,223
Interest expense		2,183,955	2,394,035
Interest income		(696,040)	(1,000,931)
	13	5,598,987	4,840,327

The movements in the present value of retirement benefit obligation are as follows:

	2024	2023
At January 1	35,569,301	33,066,787
Current service cost	4,111,072	3,447,223
Interest expense	2,183,955	2,394,035
Benefits paid from the plan	(11,159,419)	(2,965,809)
Remeasurements during the year:		
Changes in financial assumptions	99,598	2,009,348
Experience adjustments	(1,891,846)	(1,631,877)
Changes in demographic assumptions	(763,286)	(750,406)
At December 31	28,149,375	35,569,301

The movements in the fair value of plan assets as at and for the years ended December 31 are as follows:

	2024	2023
At January 1	12,915,858	15,307,915
Interest income	696,040	1,000,931
Contributions	8,000,000	-
Benefits paid from the plan	(11,159,419)	(2,965,809)
Remeasurement loss	(233,704)	(427,179)
At December 31	10,218,775	12,915,858

The plan assets as at December 31 consist of:

	2024	2023
Cash	2,524	1,121
Unit investment trust funds (UITFs)	10,216,251	12,914,737
	10,218,775	12,915,858

As at December 31, 2024 and 2023, cash and UITFs are assessed to be of high-grade credit quality and the amounts approximate their fair values. The fair values of the UITFs fall under Level 2 of the fair value hierarchy.

The Company's plan assets are managed by an independent trustee bank and the accounting and administrative functions are undertaken by the trustee bank.

The cost of defined benefit plan as well as the present value of the retirement obligation is determined using actuarial valuation. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining the retirement obligations for the defined benefit plan are shown below:

	2024	2023
Discount rate	6.09%	6.14%
Future salary increases	8.00%	8.00%
Average remaining working life (in years)	22.1	23.2

The discount rate used was based on the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL reference rates benchmark reference curve for government securities as of the valuation date and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

Assumptions for mortality and disability rate are used to estimate the probability of employee prior to reaching the assumed normal retirement age. The actuary determined these assumptions based on prevailing market practices.

There were no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis. The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	Change in assumption	Impact on retirement benefit obligation	
		2024	2023
Discount rate	+1%	(1,843,246)	(1,841,448)
	-1%	2,180,871	2,187,006
Salary increase rate	+1%	2,117,612	2,124,525
	-1%	(1,828,805)	(1,827,843)

The maturity analysis of the undiscounted benefit payments as at December 31 is as follows:

	2024	2023
Less than one (1) year	11,096,680	19,797,814
More than one (1) year to three (3) years	3,012,746	4,140,665
More than three (3) years to five (5) years	8,474,381	6,737,617
More than five (5) years to 10 years	13,921,652	12,029,563

Funding policy

The plan shall be funded solely by the Company as may be recommended by an independent actuary, on the basis of reasonable actuarial assumptions, to pay the benefits and to maintain the plan in an actuarially sound condition. The contributions including income resulting from the investment and re-investment of the same, less all expenses and proper charges shall constitute the plan.

The defined benefit plan exposes the Company to various risks, such as longevity risk, interest rate risk, and market (investment) risk.

The BOD reviews the level of funding required for the retirement fund. Such a review includes the asset-liability matching (ALM) strategy and investment risk management policy. The Plan's ALM objective is to match maturities of the plan assets to the retirement benefit obligation as these fall due by investing in UITFs. The BOD monitors how the duration and expected yield of the investments are matching the expected cash outflows arising from the retirement benefit obligation.

16 Income taxes

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

	2024	2023
Income before income tax	189,316,975	141,159,287
Tax at statutory tax rate of 25%	47,329,244	35,289,822
Tax effect of:		
Income subject to final tax	791,580	(7,273,061)
Non-deductible expenses	1,580,405	2,075,986
Non-taxable income	(801,372)	(1,811,696)
Effective income tax	48,899,857	28,281,051

The components of the Company’s net deferred income tax (DIT) assets as at December 31 are as follows:

	2024	2023
DIT assets		
Allowance for ECL	82,259,107	76,009,107
Retirement benefit obligation	6,870,804	7,701,121
Unrealized foreign exchange loss	725,426	1,319,777
Others	590,139	97,911
	90,445,476	85,127,916
DIT liability		
Unrealized foreign exchange gain	390,620	(1,169,031)
	90,836,096	83,958,885

Movements in DIT assets, net, are summarized as follows:

	2024	2023
At January 1	83,958,885	60,401,192
Amounts credited to profit or loss	7,457,669	23,544,132
Amounts credited (charged) to other comprehensive income	(580,458)	13,561
At December 31	90,836,096	83,958,885

The Company's current tax expense consists of final tax on interest income and current income tax amounting to P4.37 million and P51.60 million, respectively, for the year ended December 31, 2024 (2023 - P22.03 million and P29.80 million, respectively).

17 Leases

The Company leases its office space under lease contracts for a period of one (1) year, renewable upon mutual agreement of the parties. Rent expense included in the statement of total comprehensive income amounts to P14.94 million in 2024 (2023 - P13.65 million).

Under the term of the lease agreement, the Company is required to make security deposit for the office space being rented.

The rental deposit included as part of Other assets, net, in the statement of financial position amounts to P3.37 million in 2024 (2023 - P3.27 million). Likewise, advance rental payments included under prepaid expenses in Other assets, net, in the statement of financial position amount to P3.24 million in 2024 (2023 - P4.05 million).

18 Related party transactions

The table below summarizes the Company's transactions and balances with its related parties as at and for the years ended December 31:

Related party	Year	Note	Amount of the transaction	Outstanding balance	Terms	Conditions
Subsidiaries						
AIB Money Market Mutual Fund						
Due from related party	2024		-	2,700	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	-	2,700		
Hackensack AIB Philippines Corp.						
Due from related party	2024		20,958	15,667,607	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	141,966	15,646,649		
AIB Asia Asset Management, Inc.						
Due from related party	2024		-	2,700	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	-	2,700		
AIB Real Estate Ventures						
Due from related party	2024		19,688	2,522,836	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	15,663	2,503,148		
AIB Markets, Inc.						
Due from related party	2024		16,236	432,405	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	18,031	416,170		
Affiliates						
AIB Global						
Loans receivable	2024			11,412,192	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	-	11,412,192		
MF AIB Holdings						
Due from related party	2024		(2,946,789)	22,490	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	(43,421)	2,969,279		
Pikeville Inc. and MERG Realty Development Corporation						
Due from related party	2024		-	457,296	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	(22,480)	457,296		
Rent expense	2024		14,937,685	-	Due and demandable; payable in cash	Unsecured with no impairment
	2023	18b	13,011,878	-		
Other related party						
AIB Six Forks Holdings Company						
Due from related party	2024		25,565	296,318	Non-interest bearing; due and demandable; collectible in cash	Unsecured with no impairment
	2023	18a	-	249,213		
TOTAL	2024			30,816,544		
	2023			33,659,347		

a. The Company's subsidiaries and other affiliates borrows funds from the Company for the purpose of their pre-incorporation and other operating expenses (Note 3).

b. The Company leases its office space under lease contracts with its affiliated entity. The rent expense under these contracts amounts to P14.04 million in 2024 (2023 - P13.01 million). Rental deposit amounts to P3.37 million in 2024 (2023 - P3.27 million n) (Note 7).

c. The Company received cash dividends from MFC, a subsidiary, amounting to P0.84 million in 2024 (2023 - P0.76 million) (Note 5).

The remuneration of members of the BOD and members of key management pertains to short-term benefits amounting to P21.78 million (2023 - P23.91 million). The retirement benefit expense attributable to key management personnel in amounts to P3.13 million for 2023 and 2024. There are no other long term benefits attributable to key management personnel.

The key management personnel of the Company are composed of senior management and directors.

19 Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on management's evaluation of relevant facts, historical experience and other factors, including expectations of future events, that are believed to be reasonable as at reporting date. The resulting accounting estimates and judgments will, by definition, seldom equal the related actual results.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

<u>Critical accounting estimates</u>

Allowance for ECL of loans and receivables, net (Note 3)

The Company applies the requirements of Philippine Financial Reporting Standard (PFRS) 9 in determining the recoverable amount of its loans and receivables based on the ECL of the Company's portfolio. An evaluation of receivables designed to identify potential charges to the provision is performed on a continuous basis throughout the year. The carrying value of loans and receivables at the end of each reporting period and the amount and timing of recorded provision could differ based on actual experience and changes in assumptions made.

The carrying balance of loans and receivables as at December 31, 2024 amounts to P989,674,847 (2023 - P1,510,327,948), net of allowance for ECL of P356,505,762 (2023 - P331,505,762).

Estimated useful life of property and equipment (Note 6)

The useful life of each of the Company's property and equipment is estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates. It is possible however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The Company considers that it is impracticable to disclose with sufficient reliability the possible effects of sensitivities surrounding the estimated useful life of property and equipment.

The carrying value of the Company's property and equipment, net as at December 31, 2024 amounts to P23,087,725 (2023 - P28,407,681).

Estimation of retirement benefit obligation (Note 15)

The determination of retirement benefit obligation is dependent on the selection of certain assumptions used by the Company in calculating such amounts. Those assumptions include the determination of discount rate and future salary increases, among others. Due to the long-term nature of the retirement plan, such judgments are subject to significant uncertainty. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are appropriate for the term of the liability of the plan.

While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and the related obligation. The possible effects of sensitivities surrounding the actuarial assumptions of the Company at the reporting date are disclosed in Note 15.

Critical accounting judgments

Impairment of FVOCI (Note 5)

The Company assesses impairment on equity investments whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant decline in market value;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends.

The Company recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Management has not identified any indicators of impairment as at December 31, 2024 and 2023 on its investments at FVOCI.

Establishment of control over a subsidiary (Note 5)

Management considers the Company as having de facto control over MFC as it owns majority of MFC's shares and exercises majority control over it. In addition, the Company also has the power to appoint MFC's BOD and to make other important business decisions.

Recoverability of DIT assets (Note 16)

The recognition of DIT assets depends on management's assessment of the probability of available future taxable income against which the temporary differences can be applied. The Company reviews the carrying amounts of DIT assets at the end of each reporting period and reduces the amounts to the extent that it is no longer probable that sufficient taxable profit will allow all or part of its DIT assets to be utilized.

Based on management's assessment, the amount of DIT assets recognized as at December 31, 2024 and 2023 is fully recoverable.

20 Financial risk and capital management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk. Risk management is carried out through policies approved by the Company's management to minimize potential adverse effects of these risks on the Company's financial performance.

20. 1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual borrowers, and group of borrowers and industry segments. The Company also monitors credit exposures, and continually assesses the credit worthiness of counterparties. In addition, the Company obtains security where appropriate, enters into collateral arrangements with counterparties, and limits the duration of exposures.

Finally, credit applications go through a process of screening using the Company's credit standards to minimize risk.

The table below summarizes the maximum exposure to credit risk for each class of financial assets:

	2024	2023
Cash and cash equivalents	2,757,742,627	1,950,730,208
Loans and other receivables (gross of allowance for ECL)	1,346,180,609	767,147,526
Financial assets at FVTPL	263,855,215	892,821,440
Other financial assets	67,806,307	65,450,919
	4,435,584,758	3,676,150,093

The Company has two levels of risk monitoring and authorizations. At the management level, the Credit Officer evaluates the risk profile of every transaction and monitors existing financial assets. At the Board level, the risk parameters are evaluated, approved and set as standards by the Credit and Risk Management Committee. These standards are included in the policy guidelines of the Company.

The Company establishes an allowance for impairment losses that represents its expected credit losses for loans and receivables arising from the normal business operations.

Credit quality per class of financial assets

The Company grades its financial assets in accordance with the following:

a. *Performing financial assets*

   Performing financial assets that are neither past due nor impaired include financial assets which have a high probability of collection. Collections are also probable due to the reputation and the financial ability of the counterparty. There were also few or no history of default on the agreed terms of the contract.

   - High grade pertains to accounts which have high probability of collection, as evidenced by debtor's long history of stability, and profitability. The debtor has strong debt service record and ability to raise substantial amounts of funds through the public market.

   - Standard grade pertains to accounts where collections are probable due to the reputation and the financial capacity of the counterparty to pay but which have been outstanding for a considerable length of time.

   - Substandard grade pertains to those accounts where the counterparties are, most likely, not capable of honoring their financial obligations.

b. Underperforming financial assets

Underperforming financial assets are financial assets where contractual payments are past due but the Company believes that impairment is not appropriate on the basis of the level of collateral available and/or status of collection of amounts owed to the Company.

c. Impaired financial assets

Impaired financial assets are financial assets for which the Company determines that it is probable that it will not be able to collect all principal and interest due based on the contractual terms and agreements.

There were no changes in the objective, nature and manner of managing credit risk.

20.2 Liquidity risk

Liquidity risk pertains to the risk that the Company will encounter difficulty to meet payment obligations when these fall due under normal and stress circumstances.

The Company's objectives to manage its liquidity risk are as follows: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs;
(c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The Company constantly monitors and manages its liquidity position, liquidity gaps and surplus on a daily basis. A committed stand-by credit facility from several local banks is also available to ensure availability of funds when necessary.

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities based on contractual undiscounted receipts and payments used for liquidity management.

December 31, 2024	Up to one year	Over one year	Total
Financial assets			
Cash and cash equivalents	2,757,742,627	-	2,757,742,627
Loans and receivables, net	989,674,847	-	989,674,847
Financial assets at:			
FVTPL	266,523,142	-	266,523,142
FVOCI	-	477,687,182	477,687,182
Other financial assets	67,806,307	-	67,806,307
	4,081,746,923	477,687,182	4,559,434,105
Financial liabilities			
Notes payable	3,979,100,300	-	3,979,100,300
Trade and other payables*	18,957,124	-	18,957,124
	3,998,057,424	-	3,998,057,424
Total maturity gap	83,689,499	477,687,182	561,376,681

** Excluding payable to government agencies*

December 31, 2023	Up to one year	Over one year	Total
Financial assets			
Cash and cash equivalents	1,950,760,127	-	1,950,760,127
Loans and receivables, net	1,510,327,948	-	1,510,327,948
Financial assets at:			
FVTPL	895,489,138	-	895,489,138
FVOCI	-	458,881,691	458,881,691
Other financial assets	65,450,919	-	65,450,919
	4,422,028,132	458,881,691	4,880,909,823
Financial liabilities			
Notes payable	4,100,000,000	-	4,100,000,000
Trade and other payables*	16,953,715	-	16,953,715
	4,116,953,715	-	4,116,953,715
Total maturity gap	305,074,417	458,881,691	763,956,108

** Excluding payable to government agencies*

The Company expects to generate sufficient cash flows from its operating activities. In addition, the Parent Company is determined to provide financial support and other assistance to the Company to continue its business operations and meet its financial obligations at least for the next 12 months, if the need arises.

20.3 Market risk

Market risk is the risk of changes in fair value of financial instruments from fluctuation in foreign exchange rates (foreign exchange risk) and market interest rates (fair value, cash flow interest rate risks and price risk).

20.3.1 Equity price risk

The Company's exposure to price risk arises from its investments in equity securities. Management monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis.

The Company's exposure to equity price risk for certain financial assets as at December 31 follows:

	2024	2023
FVTPL	2,667,927	2,667,698
FVOCI	477,687,182	458,881,691
Total	480,355,109	461,549,389

The following table demonstrates the sensitivity to a reasonably possible change in the fair value, with all other variables held constant, on the Company's total comprehensive income and equity for the years ended December 31:

	Rate of change in fair value	Amount
2024	+5.00%	13,678,560
	-5.00%	13,678,560
2023	+5.00%	(11,567,075)
	-5.00%	11,567,075

20.3.2 Interest rate risk

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Company's policy in managing interest rate risks depends largely on the type of investments. Combinations of fixed and floating rates are employed for the investments. The interest rates reflect the prevailing market interest rates. As at December 31, 2024 and 2023, the Company has minimal interest rate risk as its interest-bearing assets and liabilities comprise mainly of cash in banks, cash equivalents and notes payable which earn interest at fixed prevailing interest rates.

20.3.3 Foreign exchange risk

The functional currency is the Philippine peso, which is the denomination of the bulk of the Company's transactions. The exposure to foreign currency risk results from significant movements in foreign exchange rates that adversely affect the foreign currency-denominated transactions of the Company. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

The Company's foreign currency-denominated monetary asset is limited to its cash in banks. Such assets and its Philippine peso equivalents as at December 31 are as follows:

	2024		2023	
	In foreign currency	Philippine peso equivalent	In foreign currency	Philippine peso equivalent
US Dollar	5,986,863	346,310,065	10,241,656	569,582,125
Australian Dollar	123,111	4,442,460	123,058	4,568,664

Foreign exchange (loss) gain, net, for the years ended December 31 is as follows:

	2024	2023
Unrealized loss, net	(2,901,705)	(5,279,107)
Realized (loss) gain, net	(294,612)	7,603,007
	(3,196,317)	2,323,900

As at December 31, 2024 and 2023, the Company has no foreign currency-denominated financial liabilities.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Company's income before income tax and equity:

	Rate of change in exchange rate	Effect on income before income tax	Effect on equity
December 31, 2024	+5.00%	17,537,548	13,153,161
	-5.00%	(17,537,548)	(13,153,161)
December 31, 2023	+5.00%	28,707,540	21,530,655
	-5.00%	(28,707,540)	(21,530,655)

20.4 Fair value determination

The table below presents a comparison by category of carrying amounts and fair values of the Company's financial instruments as at December 31:

2024	Carrying amount	Fair value
Financial assets		
Cash and cash equivalents	2,757,742,627	2,757,742,627
Loans and receivables, net	989,674,847	989,674,847
Financial assets at:		
FVTPL	266,523,142	266,523,142
FVOCI	477,687,182	477,687,182
Other financial assets	67,806,307	67,806,307
	4,559,434,105	4,559,434,105
Financial liabilities		
Notes payable	3,979,100,300	3,979,100,300
Trade and other payables*	18,957,124	18,957,124
	3,998,057,424	3,998,057,424

Excluding payable to government agencies

2023	Carrying amount	Fair value
Financial assets		
Cash and cash equivalents	1,950,760,127	1,950,760,127
Loans and receivables, net	1,510,327,948	1,510,327,948
Financial assets at:		
FVTPL	895,489,138	895,489,138
FVOCI	458,881,691	458,881,691
Other financial assets	65,450,919	65,450,919
	4,880,909,823	4,880,909,823
Financial liabilities		
Notes payable	4,100,000,000	4,100,000,000
Trade and other payables*	16,953,715	16,953,715
	4,116,953,715	4,116,953,715

**Excluding payable to government agencies*

The carrying amounts of the Company's cash, rental deposit and trade and other payables (excluding payable to government agencies) approximate their fair values at each reporting date due to the relatively short-term maturities of these financial instruments.

Fair values of financial assets at FVTPL and at FVOCI are based on quoted prices published in markets. FVOCI equity investments that are not quoted are valued and reported at cost less impairment loss, if any, due to the lack of other suitable methods of arriving at a reliable measure of fair value.

The carrying values of loans and receivables, net, and notes payable approximate their fair values due to either the relatively short-term maturities or the fact that the interest rates reflect the prevailing market rates.

Financial assets and financial liabilities measured at fair value in the statement of financial position are categorized in accordance with the fair value hierarchy. This hierarchy groups financial assets and financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and financial liabilities.

The listed equity investment, MFC, falls under Level 1 while AIB Mutual Fund falls under Level 2. The fair values of the Company’s unquoted equity investments fall under Level 3 of the fair value hierarchy. The Company’s unquoted equity investments are measured using the adjusted net asset method where the fair values were derived by reference to the fair values of the subsidiary’s assets and liabilities. The investment valuation sensitivity of the Company is mainly impacted by the net asset value. As these unquoted investments are deemed immaterial relative to the Company’s total assets, the Company considers that it is impracticable to disclose the possible effects of sensitivities surrounding the said investments.

The Company recognizes any transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. In 2024 and 2023, there were no transfers between the levels of the fair value hierarchy.

20.5 Capital management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continuing to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debt, return capital to shareholders or issue new shares. The Company defines capital as paid-in capital stock, additional paid-in capital and retained earnings. Other components of equity such as treasury stock and equity reserves are excluded from capital for purposes of capital management.

The BOD has the overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company’s business, operations and industry.

Under the provisions of Section 8 of RA No. 8366, an Act amending Presidential Decree No. 129, otherwise known as the Investment Houses Law, the Company is required to maintain a minimum paid-up capital of P300,000,000. The Company is fully compliant with the regulatory capital requirements as at December 31, 2024 and 2023.

21 Summary of material accounting policies

The principal accounting policies set out below have been applied consistently to both years presented in these financial statements, unless otherwise stated.

These financial statements have been prepared as the Company's separate financial statements for its use and filing with the regulators, namely the Bureau of Internal Revenue (BIR) and the SEC. The Company's management is also required to prepare consolidated financial statements of the Company and its subsidiary (collectively referred as the "Group") in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. In the consolidated financial statements, subsidiary undertakings in which the Company, directly or indirectly, has an interest of more than half of the voting rights or otherwise has the power to exercise control over the subsidiary's operations have been fully consolidated. The Group's consolidated financial statements can be obtained from the Company.

Users of these separate financial statements should read these together with the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 in order to obtain full information on the financial position, results of operations and cash flows of the Group, as a whole.

21.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards
- PAS Standards, 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, and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at FVTPL and at FVOCI.

These financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are rounded off to the nearest Peso, except when otherwise indicated.

Changes in accounting policies and disclosures

(a) Amendments to existing standards adopted by the Company effective January 1, 2024

There are no new standards, interpretations and amendments to existing standards effective January 1, 2024 that are considered to be relevant or have a material impact on the Company's financial statements.

(b) New standards, amendments to existing standards or interpretations not yet effective and not yet adopted by the Company

- *PFRS 18, 'Presentation and Disclosure in Financial Statements'*

This is the new standard on presentation and disclosure in financial statements, which replaces PAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in PFRS 18 relate to:

- The structure of the statement of profit or loss with defined subtotals;
- Requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- Required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7*

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments design

The adoption of PFRS 18, PRFS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the Company.

There are no other new standards, amendments to existing standards or interpretations which are effective beginning on or after January 1, 2024 that are considered relevant on the financial statements of the Company.

21.2 Financial instruments

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.

21.2.1 Financial assets

(a) Initial recognition, classification and subsequent measurement of financial assets

The Company classifies its financial assets in the following measurement categories: at FVTPL, at FVOCI and at amortized cost. Management determines the classification of its financial assets at initial recognition. Regular-way purchases and sales of financial assets are recognized on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets not carried at FVTPL are initially recognized at fair value plus transaction costs.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company's debt financial assets as at December 31, 2024 and 2023 include those that are measured at amortized cost.

These financial assets at amortized cost are the Company's assets that are held for collection of contractual cash flows, which represent solely payments of principal and interest, and are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses. Provision for impairment losses is presented as a separate line item in the statement of total comprehensive income.

Financial assets are included in current assets, except for maturities greater than 12 months after the reporting date which are presented as non-current assets. Financial assets measured at amortized cost comprise cash and cash equivalents, loans and receivables and rental deposit.

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

Equity instruments

The Company subsequently measures all equity investments at FVTPL, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

The Company's equity financial assets as at December 31, 2024 and 2023 include financial assets at FVTPL and at FVOCI.

(b) Impairment of financial assets carried at amortized cost

The Company assesses the ECL associated with its loans and receivables measured and classified at amortized cost at each reporting date. The measurement of ECL reflects reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions. The Company has identified no macroeconomic variable that can be considered to materially affect the historical loss rates given the nature of its loan portfolio.

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

Definition of default and determination of significant increase in credit risk

The Company defines loans and receivables as in default when the borrower delays on its contractual payments beyond the grace period allowed. The Company compares the probability of default occurring over its expected life as at the reporting date with the probability of default occurring over its expected life on the date of initial recognition to determine if there is a significant increase in credit risk. Since comparison is made between information at reporting date against initial recognition, the deterioration in credit risk may be triggered by qualitative factors such as confirmation of the existence of the borrower, or adverse trends or developments in the market that may affect the borrower or a significant weakness in collateral. Credit weakness may be manifested by unfavorable record or unsatisfactory characteristics affecting the loan portfolio that may lead to significant losses or may result in the collection of the outstanding loan amount to be highly improbable.

Staging assessment

For non-credit impaired financial assets:

- Stage 1 is comprised of all non-impaired financial assets which have not experienced a significant increase in credit risk since initial recognition. The Company recognised a 12-month ECL for Stage 1 financial assets.

- Stage 2 is comprised of all non-impaired financial assets which have experienced a significant increase in credit risk since initial recognition. The Company recognised a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial assets:

Financial assets are classified as Stage 3 when there is an objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial asset or a portfolio of financial assets. The ECL model requires a lifetime ECL for impaired financial assets.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired assets. These are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit adjusted effective interest rate. ECL is only recognized or released to the extent that there is a subsequent change in the ECL.

Measuring ECL

The ECL is measured on either a 12-month or a lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL is the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- The PD represents the likelihood that the borrower will default (as per “Definition of default” above), either over the next 12 months (12M PD), or over the remaining life (lifetime PD) of the asset.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining life (lifetime EAD).
- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD is expressed as a percentage of loss per unit of exposure at the time of default.

The ECL is determined by multiplying the PD, LGD and EAD together for each individual exposure or collective segment. This effectively calculates an ECL for each future year, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, if relevant. These assumptions vary on each loan product.

The assumptions underlying the ECL calculation, such as how the maturity profile of the PDs and how collateral values change, are monitored and reviewed regularly.

There have been no significant changes in estimation techniques or significant assumptions made in 2024 and 2023.

(c) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

21.2.2 Financial liabilities

The Company's financial liabilities are limited to those classified at amortized cost. There are no financial liabilities at FVTPL (including financial liabilities held for trading and those that are designated at fair value).

The Company's financial liabilities at amortized cost comprise of trade and other payables (except payables to government agencies) and notes payable.

Financial liabilities at amortized cost are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities that are not carried at FVTPL are initially measured at fair value less transaction costs and subsequently measured at amortized cost using the effective interest rate method. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date, which are classified as non-current liabilities.

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

21.3 Equity investments

As allowed by PAS 27, the Company's equity investments mainly pertain to its investments in subsidiaries which are accounted for in the separate financial statements in accordance with PFRS 9. These are considered as financial assets as discussed in Note 20.4.

If instances where there is no active market for investments in subsidiaries and the range of reasonable fair values is significant and these estimates cannot be made reliably, the investments are measured at cost less impairment.

Any dividends received from a subsidiary are recognized as part of profit or loss when the right to receive the dividend is established.

The investments are derecognized when the contractual rights to the cash flows from the subsidiary expires or is transferred at which time the cost and the related accumulated impairment loss, if any, are removed in the statement of financial position.

21.4 Property and equipment, net

Property and equipment are recognized at cost upon initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the items. Following the initial recognition, all items of property and equipment are recorded at cost less accumulated depreciation and amortization and any provision for impairment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on property and equipment is computed using the straight-line method to allocate its costs less their residual values over an estimated useful life of three years.

The expected useful lives of property and equipment are as follows:

Category	Number of years
Furniture, fixtures and equipment	1-3
Leasehold rights and improvements	5 years or the period of the lease, whichever is shorter
Transportation equipment	5

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and the related accumulated depreciation and amortization and any impairment loss are removed in the statement of financial position. Any gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are recognized in profit or loss.

21.5 Impairment of non-financial assets

The Company assesses at each end of the reporting period whether there is an indication that its non-financial asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The estimated recoverable amount of an asset is the greater of the asset's fair value less costs to sell and value-in-use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less cost to sell, recent market transactions are taken into account. If no such transaction can be identified, an appropriate valuation model is used. Non-financial assets that are impaired are reviewed for possible reversal of impairment at each reporting date.

21.6 Fair value measurements

The Company measures financial assets and liabilities at fair value at each reporting date.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available 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 fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly indirectly; and
- Level 3: inputs for the asset or liability that are based on observable market data.

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 the categorization at the end of each 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.

21.7 Revenue recognition

Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does create an asset with an alternative use to the Company and the Company has an enforceable right to payment for completed to date. Otherwise, revenue is recognized at a point in time.

The Company has determined that it is acting as agent on its revenue arrangements arising from investment brokerage transactions and as principal on other revenue arrangements.

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

Service fees and, financial advisory and underwriting fees

The Company earns fee from various services to its clients. Its service income may be classified into:

a) Fee income from services provided over a certain period of time

This includes service fees earned from loan syndication transactions pertaining to the purchase and or brokering of securities and papers issued by other enterprises or of the government and its instrumentalities.

b) Fee income from transaction services

This pertains to the fees earned from the provision of loan arrangement services, corporate bonds underwriting and other capital raising activities. From these services, the Company act as an Adviser or Issue Manager and Lead Arranger or Selling Agent that shall arrange the capital raising requirements of the corporate issuer.

Dividend income

Dividend income is recognized when the right to receive payment has been established. Usually, this is the ex-dividend date for quoted equity securities.

Unrealized foreign exchange gains (losses)

Foreign exchange differences arising from foreign currency translations are charged against operations in the period in which the rates change.

Interest and other fees

Interest income is accrued using the effective interest rate method. Interest from bank deposits and placements, gross of final tax, is recognized as it accrues. Other fees earned from facilitation and arrangement of loans are recognized when earned.

Gain on sale of equity investments

Gain on sale of equity securities arises from sale of investments and is recognized when earned.

21.8 Expenses

Expenses are recognized when incurred.

Interest expense

Interest expense consist of interest which the Company incurs in connection to borrowing of funds. These are recognized in profit or loss in the year in which the costs are incurred.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Company's trading activities.

21.9 Employee benefits

Short-term Employee Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Employee Leave Entitlement. Employee entitlements to annual leave are recognized as a liability when the same accrues to the employees. The undiscounted liability for leave expected to be settled wholly before 12 months after the end of the reporting date is recognized for services rendered by employees up to the end of the reporting date.

Defined Benefit Plan. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in 'Compensation and other employee benefits' in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of total comprehensive income at the earlier of the following:

- when the related restructuring costs are recognized;
- when the related termination benefits are recognized; and
- when the plan amendment or curtailment occurs.

The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

21.10 Leases (the Company is the Lessee)

The Company has elected the practical expedient provided for by PFRS 16 in respect to accounting for short-term lease contracts.

As at December 31, 2024 and 2023, the Company has no long-term leases.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

21.11 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Philippine Peso, which is the Company’s functional currency.

21.12 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date the fair value was determined. Non-monetary items in foreign currencies that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

21.13 Income taxes

Current income tax

Current income tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

DIT

DIT is provided using the balance sheet liability method on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DIT liabilities are recognized for all taxable temporary differences; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

DIT assets are recognized for all deductible temporary differences, carry-forward benefits of unused tax credits from excess MCIT over regular CIT and unused NOLCO, to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carry-forward benefits of unused tax credits and unused tax losses can be utilized.

The carrying amount of DIT assets is reviewed at each end of reporting period 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 DIT asset to be utilized. Unrecognized DIT assets are reassessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the DIT asset to be recovered.

21.14 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

22 Supplementary information required by BIR

Below is the additional information required by Revenue Regulations No. 15-2010. This information is presented for the purposes of filing with the BIR and is not a required part of the basic financial statements.

Withholding taxes

Details of withholding taxes for the year ended December 31, 2024 are as follows:

	Amount
Expanded withholding taxes	10,503,026
Final withholding taxes	7,108,653
Fringe benefit taxes	3,046,981
	20,658,660

Taxes and licenses

Details of the Company's other taxes and licenses for the year ended December 31, 2024 are as follows:

	Amount
Gross receipts tax	33,699,984
Documentary stamp tax	21,560,265
License and permit fees	1,272,990
Others	6,103,924
	62,637,163

Deficiency tax assessments and tax cases

The Company has no outstanding tax assessments with the BIR and/or cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at December 31, 2024.

Amalgamated Investment Bancorporation

Supplementary Schedule of External Auditor Fee-Related Information
December 31, 2024 and 2023

	2024	2023
Total audit fees	904,800	870,000
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total non-audit fees	**-**	-
Total audit and non-audit fees	**904,800**	870,000

Amalgamated Investment Bancorporation
Financial Indicators
As at December 31, 2024 and 2023

Ratio	Formula (in Millions of Pesos, except ratios)		Current Year	Prior Year
			in percentage	
Current ratio	Current assets divided by current liabilities		74.44	68.31
	Current assets	3,024		
	Divided by: Current liabilities	4,063		
	Current ratio	0.7444		
Asset to equity ratio	Total assets divided by total equity		682.86	552.83
	Total assets	4,760		
	Divided by: total equity	697		
	Asset to equity ratio	6.8286		
Net profit margin	Net income divided by total revenue		20.27	20.21
	Net income	140		
	Divided by: Total revenue	693		
	Net profit margin	0.2027		
Return on average equity	Net income divided by average shareholder's equity		17.37	12.55
	Net income	140		
	Divided by: average shareholder's equity	809		
	Return on average equity	0.1737		
Return on average assets	Net income divided by total assets		2.85	2.58
	Net income	140		
	Divided by: Total assets	4,923		
	Return on average assets	0.0285		
Interest rate coverage ratio	Earnings before interest expense, income taxes, depreciation, and amortization		237.94	404.23
	EBITDA	357		
	Divided by: Total interest expense	150		
	Interest rate coverage ratio	2.3794		
Debt-to-equity ratio	Total liabilities divided by total equity		582.86	452.83
	Total liabilities	4,063		
	Divided by: Total equity	697		
	Debt-to-equity ratio	5.8286		

Amalgamated Investment Bancorporation

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2024
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period		**434,697,511**
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	(33,863,470)	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	(350,000,000)	(383,863,470)
Unappropriated Retained Earnings, as adjusted		50,834,041
Add/Less: Net Income for the current year/period		140,417,118
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)	-	
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(1,316,433)	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	(1,316,433)

(continued)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	(2,801,412)	
Realized fair value gain of Investment property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	(2,801,412)
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Adjusted net income/loss		136,299,273
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	-

(continued)

Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
	Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(7,457,669)	
	Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
	Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
	Others (describe nature)	-	(7,457,669)
Total Retained Earnings, end of the year/period available for dividend declaration			**179,675,645**

AMALGAMATED INVESTMENT BANCORPORATION

MAP OF THE GROUP OF COMPANIES WITHIN WHICH AMALGAMATED INVESTMENT BANCORPORATION BELONGS AS AT DECEMBER 31, 2024