TSPI MUTUAL BENEFIT ASSOCIATION, INC.

(a Nonstock, Nonprofit Organization)

FINANCIAL STATEMENTS
December 31, 2024 and 2023

With Independent Auditor's Report

TSPI MUTUAL BENEFIT ASSOCIATION, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR FINANCIAL STATEMENTS

The management of TSPI Mutual Benefit Association, Inc., (the Association) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board of Trustees is responsible for overseeing the Association's financial reporting process.

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the members.

Reyes Tacandong & Co., the independent auditor appointed by the members, has audited the financial statements of the Association in accordance with Philippine Standards on Auditing, and in their reports to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Ma. Luz A. Planas
Chairperson of the Board

Alice Z. Cordero
Chief Executive Officer

Florencia G. Tarriela
Treasurer

MAR 3 1 2025
Signed this 12th day of March, 2025

STATEMENT OF MANAGEMENT'S RESPONSIBIILITY FOR FINANCIAL STATEMENTS

Name	Competent Evidence of Identity	Issued on/At
Ma. Luz A. Planas	Phil Passport No. P8397488B	07 Dec 2021 / DFA Manila
Florencia G. Tarriela	Phil Passport No. P1128284C	30 July 2022 / DFA NCR East
Alice Z. Cordero	OSCA Pasig ID No. 99100	03/13/07 / Pasig City

SUBSCRIBED AND SWORN TO BEFORE ME, this MAR 3 1 2025 at MAKATI CITY affiants exhibited their respective identifications as competent proof of identity.

Doc. No. 117;
Page No. 24;
Book No. CCLXXXVI
Series of 2025.

ATTY. JUANCHO DAVID R. TABLANG
Notary Public of Makati City
Commission No. M-113 until December 31, 2026
PTR No. 10466160; 1/02/2025 / Makati City
IBP No. 510068; 11/19/2024/ Makati City
Roll of Attorney: 42002
MCLE Compliance No. VII-0008035
2016 Magsaysay St.,
Brgy. Guadalupe Nuevo, Makati City

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C N 2 0 0 5 0 8 6 1 7

COMPANY NAME

T S P I M U T U A L B E N E F I T A S S O C I A T I O N , I N C .
(A N O N S T O C K , N O N P R O F I T O R G A N I Z A T I O N)

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

3rd Floor, Tulay sa Pag-unlad, Inc. (TSPI) Bldg., 2363 Antipolo St, Guadalupe Nuevo, Makati City 1212

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AAFS	CRMD	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
tspi.mbai@tspi.org	8982 9100	09175944899

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
N/A	1st Wednesday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Sherry Lou A. Salazar	tspi.mbai@tspi.org	86372271	09175956563

CONTACT PERSON'S ADDRESS

3rd Floor, Tulay sa Pag-unlad, Inc. (TSPI) Bldg., 2363 Antipolo Street, Guadalupe Nuevo, Makati City 1212

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

INDEPENDENT AUDITORS' REPORT

The Members and Board of Trustees
TSPI Mutual Benefit Association, Inc.
3rd Floor, Tulay sa Pag-unlad, Inc. (TSPI) Bldg.
2363 Antipolo St, Guadalupe Nuevo
Makati City 1212

Opinion

We have audited the financial statements of TSPI Mutual Benefit Association, Inc. (a nonstock, nonprofit organization) (the Association), which comprise the statements of assets, liabilities, and fund balance as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association 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 the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, these 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association 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 audits.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
IC Accreditation IC-EA-2024-0018-R
Valid for Financial Periods 2024 to 2026
PTR No. 10467120
Issued January 2, 2025, Makati City

March 12, 2025
Makati City, Metro Manila

TSPI MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF ASSETS, LIABILITIES, AND FUND BALANCE

	Note	December 31 2024	2023
ASSETS			
Cash and cash equivalents	6	**₱61,387,105**	₱137,660,108
Short-term investment	7	**17,000,000**	–
Receivables	8	**10,397,389**	9,447,299
Available-for-sale (AFS) financial assets	9	**1,193,321,270**	1,069,358,251
Held-to-maturity (HTM) investments	10	**181,309,561**	182,002,599
Property and equipment	11	**9,224,533**	5,844,125
Investment properties	12	**54,701,122**	55,194,303
Net retirement asset	19	**2,104,971**	2,603,682
Other assets		**2,138,252**	2,493,424
		₱1,531,584,203	₱1,464,603,791
LIABILITIES AND FUND BALANCE			
Liabilities			
Accrued expenses and other liabilities	13	**₱3,639,692**	₱8,005,061
Claims payable	14	**3,224,095**	3,733,444
Aggregate reserves	15	**25,114,837**	28,425,762
Equity value reserves	16	**294,203,845**	288,501,975
Other current liabilities		**5,221,923**	7,541,716
Total Liabilities		**331,404,392**	336,207,958
Fund Balance			
Guaranty fund reserves	17	**164,814,012**	159,494,042
General fund balance	18	**198,942,183**	186,754,993
Funds assigned for members' benefits		**625,029,918**	600,048,316
Funds assigned for education and training		**269,136,824**	258,031,470
Remeasurement loss on net retirement asset	19	**(2,239,718)**	(2,147,466)
Fair value reserve on AFS financial assets	9	**(50,518,910)**	(68,474,528)
Fair value reserve on AFS financial assets reclassified to HTM investments		**(4,984,498)**	(5,310,994)
Total Fund Balance		**1,200,179,811**	1,128,395,833
		₱1,531,584,203	₱1,464,603,791

See accompanying Notes to Financial Statements.

TSPI MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF COMPREHENSIVE INCOME

	Note	December 31 2024	2023
NET MEMBERS' CONTRIBUTIONS AND PREMIUMS			
Members' contributions and premiums	25	**₱107,763,425**	₱143,901,994
Members' contributions and premiums ceded to reinsurers		**(45,750)**	(56,500)
		107,717,675	143,845,494
CLAIMS, BENEFITS AND OTHER COSTS			
Claims and benefits	14	**31,471,189**	40,265,617
Increase in equity value reserves	16	**13,794,023**	18,708,293
Decrease in aggregate reserves	15	**(3,310,925)**	(14,068,897)
Other direct costs	22	**43,145,619**	51,009,040
		85,099,906	95,914,053
GROSS INCOME		**22,617,769**	47,931,441
GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other employee benefits	21	**8,189,836**	7,924,360
Dues and fees		**5,198,647**	4,600,700
Repairs and maintenance	20	**2,610,991**	3,769,447
Depreciation and amortization	11	**2,556,648**	1,716,097
Planning, meetings and conferences		**2,142,559**	2,514,176
Communication, light and water		**1,184,742**	2,091,749
Professional fees		**1,102,220**	1,014,176
Office supplies		**558,044**	294,922
Taxes and licenses		**10,858**	90,512
Miscellaneous	23	**557,728**	608,781
		24,112,273	24,624,920
OPERATING INCOME (LOSS)		**(1,494,504)**	23,306,521
OTHER INCOME (EXPENSE) - NET			
Interest income	6	**52,296,627**	52,010,320
Dividend income	9	**7,934,224**	2,663,738
Interest expense	16	**(385,174)**	(356,889)
Gain on sale of investments	9	**306,895**	702,623
Others		**(26,950)**	958,186
		60,125,622	55,977,978
NET INCOME		**58,631,118**	79,284,499
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that may be reclassified to profit or loss -			
Net change in fair value reserve on AFS financial assets	9	**17,955,618**	41,165,013
Item that will not be reclassified to profit or loss -			
Remeasurement loss on net retirement asset	19	**(92,252)**	(638,925)
		17,863,366	40,526,088
TOTAL COMPREHENSIVE INCOME		**₱76,494,484**	₱119,810,587

See accompanying Notes to Financial Statements.

TSPI MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CHANGES IN FUND BALANCE

	Guaranty Fund Reserves (Note 17)	General Fund Balance (Note 18)	Funds Assigned for Members' Benefits	Funds Assigned for Education and Training	Remeasurement Loss on Net Retirement Asset (Note 19)	Fair Value Reserve on AFS Financial Assets (Note 9)	Fair Value Reserve on AFS Financial Asset Reclassified to HTM Investments	Total
Balances as at January 1, 2024	**₱159,494,042**	**₱186,754,993**	**₱600,048,316**	**₱258,031,470**	**(₱2,147,466)**	**(₱68,474,528)**	**(₱5,310,994)**	**₱1,128,395,833**
Net income	–	58,631,118	–	–	–	–	–	58,631,118
Other comprehensive income (loss):								
Net change in fair value reserve of AFS financial assets	–	–	–	–	–	17,955,618	–	17,955,618
Remeasurement loss on net retirement asset	–	–	–	–	(92,252)	–	–	(92,252)
Total comprehensive income (loss)	–	58,631,118	–	–	(92,252)	17,955,618	–	76,494,484
Transfer to guaranty fund	5,319,970	(5,319,970)	–	–	–	–	–	–
Appropriation of general fund balance (see Note 18)	–	(41,123,958)	28,786,771	12,337,187	–	–	–	–
Utilization of funds assigned for members' benefits and education and training (see Note 18)	–	–	(3,805,169)	(1,231,833)	–	–	–	(5,037,002)
Amortization of fair value reserve on AFS financial assets reclassified to HTM investments (see Note 10)	–	–	–	–	–	–	326,496	326,496
	5,319,970	(46,443,928)	24,981,602	11,105,354	–	–	326,496	(4,710,506)
Balances as at December 31, 2024	**₱164,814,012**	**₱198,942,183**	**₱625,029,918**	**₱269,136,824**	**(₱2,239,718)**	**(₱50,518,910)**	**(₱4,984,498)**	**₱1,200,179,811**

	Guaranty Fund Reserves (Note 17)	General Fund Balance (Note 18)	Funds Assigned for Members' Benefits	Funds Assigned for Education and Training	Remeasurement Gain (Loss) on Net Retirement Asset (Note 19)	Fair Value Reserve on AFS Financial Assets (Note 9)	Fair Value Reserve on AFS Financial Assets Reclassified to HTM Investments	Total
Balances as at January 1, 2023	₱152,692,440	₱189,055,351	₱547,423,705	₱235,872,826	(₱1,508,541)	(₱109,639,541)	(₱5,680,109)	₱1,008,216,131
Net income	–	79,284,499	–	–	–	–	–	79,284,499
Other comprehensive income (loss):								
Net change in fair value reserve of AFS financial assets	–	–	–	–	–	41,165,013	–	41,165,013
Remeasurement loss on net retirement asset	–	–	–	–	(638,925)	–		(638,925)
Total comprehensive income (loss)	–	79,284,499	–	–	(638,925)	41,165,013	–	119,810,587
Transfer to guaranty fund	6,801,602	(6,801,602)	–	–	–	–	–	–
Appropriation of general fund balance (see Note 18)	–	(79,131,506)	55,392,054	23,739,452				–
Utilization of funds assigned for members' benefits and education and training (see Note 18)	–	4,348,251	(2,767,443)	(1,580,808)	–	–	–	–
Amortization of fair value reserve on AFS financial assets reclassified to HTM investments (see Note 10)	–	–	–	–	–	–	369,115	369,115
	6,801,602	(81,584,857)	52,624,611	22,158,644	–	–	369,115	369,115
Balances as at December 31, 2023	₱159,494,042	₱186,754,993	₱600,048,316	₱258,031,470	(₱2,147,466)	(₱68,474,528)	(₱5,310,994)	₱1,128,395,833

See accompanying Notes to Financial Statements.

TSPI MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CASH FLOWS

		December 31	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱58,631,118**	₱79,284,499
Adjustment for:			
Interest income	6	**(52,296,627)**	(52,010,320)
Dividend income	9	**(7,934,224)**	(2,663,738)
Decrease in aggregate reserves	15	**(3,310,925)**	(14,068,897)
Depreciation and amortization	11	**2,556,648**	1,716,097
Retirement expense	19	**406,459**	204,986
Interest expense	16	**385,174**	356,889
Gain on sale of investments	9	**(306,895)**	(702,623)
Operating income (loss) before working capital changes		**(1,869,272)**	12,116,893
Decrease (increase) in:			
Short-term investment		**(17,000,000)**	–
Receivables		**(494,400)**	(185,294)
Other assets		**355,172**	(1,430,943)
Increase (decrease) in:			
Accrued expenses and other liabilities		**(4,365,369)**	(29,844,424)
Equity value reserves		**6,018,754**	(11,195,151)
Other current liabilities		**(2,319,793)**	(2,578,043)
Claims payable		**(509,349)**	18,122,526
Net cash used for operations		**(20,184,257)**	(14,994,436)
Utilization of funds assigned for members' benefit	18	**(3,805,169)**	–
Interest paid		**(702,058)**	(760,688)
Net cash used in operating activities		**(24,691,484)**	(15,755,124)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**51,508,991**	51,735,388
Dividends received	9	**7,934,224**	2,663,738
Acquisitions of:			
AFS financial assets	9	**(177,988,968)**	(135,000,000)
Property and equipment	11	**(6,675,708)**	(5,726,567)
Proceeds from maturities and disposals of AFS financial assets	9	**73,639,942**	85,727,623
Net cash used in investing activities		**(51,581,519)**	(599,818)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(76,273,003)**	(16,354,942)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**137,660,108**	154,015,050
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	**₱61,387,105**	₱137,660,108

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

1. General Information

TSPI Mutual Benefit Association, Inc. (the Association) was registered with the Philippine Securities and Exchange Commission (SEC) on August 31, 2005, and was given license to operate as a mutual benefit association by the Insurance Commission (IC) on December 22, 2006. The Association was organized primarily to extend financial assistance to the members and immediate members of their families in the form of death benefits, medical reimbursement, loan redemption assistance, disability benefit and other services for the benefit of the members.

The Association's license from the IC as a mutual benefit association is valid until December 31, 2027.

As provided in Section 30 (e) of the National Internal Revenue Code (NIRC), the Association is exempt from the payment of income tax with respect to income it receives as a nonstock, nonprofit organization. A Tax Exemption Certificate was issued by the Bureau of Internal Revenue (BIR) on November 27, 2024. This certification is valid for a period of three (3) years from the date of issuance.

The Association's registered address is at 3rd Floor, Tulay sa Pag-unlad Inc. (TSPI) Building, 2363 Antipolo Street, Guadalupe Nuevo, Makati City 1212.

Approval of the Financial Statements
The Association's financial statements as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Trustees (BOT) on March 12, 2025.

2. Summary of Material Accounting Policy Information

The material accounting policy information that has been used in preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
These financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC pronouncements.

Basis of Measurement
The financial statements of the Association are presented in Philippine Peso (Peso), which is the Association's functional currency. All values are stated in absolute amounts unless otherwise indicated.

The financial statements of the Association have been prepared on the historical cost basis of accounting, except for the following:

- Available-for-sale (AFS) financial assets that are initially carried at the fair value;
- Aggregate reserves which is computed based on generally accepted actuarial principles; and
- Net retirement asset which is carried at the fair value of plan assets less the present value of the defined benefit obligation;

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Association uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

For the purpose of fair value disclosures, the Association has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as discussed in the foregoing.

Adoption of Amended Standards
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024. The adoption of these amendments did not materially affect the financial statements of the Association. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Accounting Standards Issued But Not Yet Effective
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2027:

- PFRS Accounting Standards 17, *Insurance Contracts*– This standard will replace PFRS Accounting Standards 4, *Insurance Contracts.* It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS Accounting Standards 17 for the first time.

In response to the challenges brought by the COVID-19 pandemic, the Insurance Commission (IC) issued Circular Letter 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two-year deferral on the implementation of the standard from the 2023 effectivity date.

Consequently, on November 20, 2024, SEC issued Memorandum Circular No. 16 Series of 2024 providing all MBAs guidance on the deferred effectivity of PFRS 17, *Insurance Contracts*. From the original adoption date of January 1, 2025, the said standard shall be effective on January 1, 2030 for all MBAs.

- Amendment to PFRS Accounting Standards 17, *Insurance Contracts - Initial Application of PFRS Accounting Standards 17* and PFRS Accounting Standards 9, *Financial Instruments - Comparative Information* – The amendment adds a transition option for a "classification overlay" to address temporary accounting mismatches between financial assets and insurance contract liabilities relating to comparative information presented on the initial application of PFRS Accounting Standards 17. If an entity elects to apply the classification overlay, it can only do so for comparative periods to which it applies PFRS Accounting Standards 17. No amendments have been made to the transition requirements of PFRS Accounting Standards 9.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Association. Additional disclosures will be included in the financial statements, as applicable.

Insurance Contracts
The Association issues membership certificates, governing rules and regulations, and application forms that transfer insurance risk.

Conventional Annual Insurance Contracts. These contracts insure events associated with human life (death or survival) over an annual duration. Members' contributions and premiums are recognized as revenue when paid by the certificate holder. Benefits are recognized as an expense when they are incurred.

Reinsurance Contracts Held. Contracts entered into by the Association with reinsurers that meet the classification requirements for insurance contracts are considered reinsurance contracts held, while those that do not are classified as financial assets. Benefits recoverable under reinsurance contracts are recognized as reinsurance assets, comprising amounts due from reinsurers within insurance receivables. Reinsurance liabilities, primarily members' contributions and premiums payable, are recognized as expenses when due. Amounts due from or recoverable from reinsurers are measured consistently with the reinsured insurance contracts and the terms of each reinsurance agreement.

Financial Instruments

The Association availed of the temporary exemption from PFRS Accounting Standards 9 as permitted by the amendments to PFRS Accounting Standards 4, Applying *PFRS Accounting Standards 9 Financial Instruments with PFRS Accounting Standards 4 Insurance Contracts*, issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 instead of PFRS Accounting Standards 9 until the effectivity of the new insurance standards beginning January 1, 2025.

Based on the assessment made by the management, the Association qualifies for the deferral of application of PFRS Accounting Standards 9 since its activities are predominantly connected with insurance. Accordingly, the Association deferred the adoption of PFRS Accounting Standards 9 and has continued to apply PAS 39.

Date of Recognition. The Association recognizes a financial asset or a financial liability in the statements of assets, liabilities, and fund balance when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification. Financial instruments are classified as liability or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income. Distributions to holders of financial instruments classified as equity are treated as owner-related and thus charged directly to fund balance.

The Association classifies its financial assets into the following categories: AFS investments; Held-to-maturity (HTM) investments; and loans and receivables.

The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The management determines the classification of its financial instruments at initial recognition, and where allowed and appropriate, re-evaluates the designation at each reporting date.

AFS Financial Assets. AFS financial assets are non-derivative financial assets that are either designated in this category or do not qualify to be classified as financial assets at FVPL, HTM investments or loans and receivables. Financial assets may be designated at initial recognition as AFS financial assets if these are purchased indefinitely and may be sold in response to liquidity requirements or change in market conditions. These include debt and equity securities.

After the initial measurement, AFS financial assets are carried at fair value in the statements of assets, liabilities, and fund balance. Changes in the fair value, other than impairment loss, interest accretion and foreign currency differences on AFS financial assets classified as debt instruments (which are all recognized in profit or loss), are reported as part of other comprehensive income (OCI) and accounted for in the fund balance under "Fair value reserve on AFS financial assets" account.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of unobserved inputs, such as in case of unquoted equity instruments, these financial assets are allowed to be carried at cost less impairment, if any.

Dividends earned on holding AFS financial assets are recognized in profit or loss when the right to receive payment has been established. The loss arising from impairment of such securities is recognized as impairment loss in profit or loss.

When AFS financial assets are derecognized, the cumulative gain or loss previously recognized in OCI and lodged under fund balance is transferred to profit or loss. Where the Association holds more than one (1) investment in the same security, these are deemed to be disposed of on a weighted average basis.

As at December 31, 2024 and 2023, the Association's AFS financial assets consist of government and corporate bonds and equity securities (see Note 9).

HTM Investments. HTM investments are non-derivative financial assets that are quoted in the market, with fixed or determinable payments and fixed maturities for which the Association's management has the positive intention and ability to hold to maturity. HTM investments are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included as part of "Interest income" account in the statements of comprehensive income. Gains and losses are recognized in profit or loss when the HTM investments are derecognized. Any impairment loss is also recognized in profit or loss.

When the Association sells or reclassifies other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified at fair value as AFS financial assets. The Association would then be unable to categorize financial instruments as HTM investments for the next two (2) years in the financial statements.

As at December 31, 2024 and 2023, the Association's HTM investments consist of investments in government and corporate bonds (see Note 10).

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

This category includes cash and cash equivalents, receivables, short-term investment, and other financial assets.

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents. Cash in banks earn interest at the prevailing market deposit rates. Cash equivalents are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For short-term investment, receivables and other assets, these are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not held for trading.

Other Financial Liabilities. Financial liabilities which are not held for trading or are not designated at FVPL are classified as financial liabilities carried at amortized cost where the substance of the contractual arrangement results in the Association having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized and through the amortization process.

This category includes accrued expenses and other liabilities (excluding payables to government agencies), claims payable, aggregate reserves, equity value reserves, and other current liabilities (see Notes 13, 14, 15, and 16).

Impairment of Financial Assets
The Association assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence includes observable data that comes to the attention of the Association about loss events such as but not limited to significant financial difficulty of the counterparty, a breach of contract, such as a default or delinquency in interest or principal payments, probability that borrower will enter bankruptcy or other financial reorganization.

AFS Financial Assets Carried at Fair Value. In case of equity securities classified as AFS financial assets, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. When there is evidence of impairment, the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss is removed from OCI and recognized in profit or loss. Recovery of impairment losses on equity securities are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in OCI.

In the case of debt securities classified as AFS financial assets, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Interest income" account in profit or loss.

If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

HTM Investments. The Association assesses at each reporting date whether there is any objective evidence that its HTM investments are impaired. Objective evidence that a financial asset is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

a. Significant financial difficulty of the issuer or obligor;
b. Breach of contract, such as default or delinquency in interest or principal payments;
c. The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
d. It becoming probable that the borrower will enter bankruptcy or other financial reorganization.

Receivables. The Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtor's ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the assets' original effective interest rate. Time value is generally not considered when the effect of discounting is not material. The carrying amount of the asset shall be reduced directly or through the use of an allowance account. The amount of loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Where a receivable has been ascertained to be worthless, the related amount is written off against the corresponding allowance for impairment.

The Association treats "significant" generally as 20% or more and "prolonged" as greater than six (6) months. In addition, the Association evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities. Impairment may be appropriate also when there is evidence of deterioration in the financial health of the investee, the industry and sector performance, changes in technology and operational and financing cash flows.

For a partial disposal, a proportionate share of the fair value gains and losses previously recognized in OCI is reclassified from equity to profit or loss. Such gains and losses include all fair value changes until the date of disposal.

Derecognition of Financial Assets and Financial Liabilities

Financial Asset. A financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Association retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
- The Association has transferred its right to receive cash flows from the financial asset and either has transferred substantially all the risks and rewards incidental to ownership of the financial asset; or
- Has neither transferred nor retained substantially all the risks and rewards incidental to ownership of the financial asset, but has transferred control of the financial asset.

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

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization is charged to profit or loss and is computed using straight-line method over the following estimated useful lives:

Asset Type	Number of Years
Building and improvements	10
Office furniture and fixtures	5
Transportation and equipment	5
Office equipment	5
Computer software	3

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

Investment Properties
Investment properties are held for capital appreciation but not for sale in the ordinary course of business or for administrative purposes.

Investment properties, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. Cost includes the acquisition cost of the investment properties plus incidental costs.

Investment property is derecognized when either this has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Impairment of Nonfinancial Assets
At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount.

Insurance Contract Liabilities

Aggregate Reserves. This represent the accumulated total liability for policies in-force as at the reporting date. Such reserves are established at amount adequate to meet the estimated future obligations to all members with in-force policy. The reserves are calculated using the actuarial methods and assumptions in accordance with statutory requirements and as approved by the IC.

The corresponding change in aggregate reserves is presented as "Increase (decrease) in aggregate reserves" in profit or loss.

Equity Value Reserves. This represent the accumulated reserve for remittance to members. In accordance with Section 409 of the Insurance Code, as Amended (the Insurance Code), equity value reserves are established at fifty percent (50%) of the total mandatory membership contributions collected from every outstanding membership certificate. The increase in equity value reserves as a result of the collection of membership contribution is presented as "Increase in equity value reserves" in profit or loss.

Equity value reserves for delinquent members beyond the prescribed three (3) years reinstatement period are transferred to assigned surplus for the benefit of the members provided that the Association initiate at least two (2) actions to locate and inform the delinquent members. The Association also maintains a schedule in case any of the members will make a claim in the future.

Fund Balance

Guaranty Fund Reserves. Guaranty fund reserves represents the required fund amounting to ₱5.00 million, and every year thereafter increased by an amount equivalent to five percent (5%) of gross members' contribution and premium collections until its amount has reached twenty-five percent (25%) of the required net worth for existing domestic life insurance companies.

General Fund Balance. The account represents the free and unassigned surplus of the Association.

Funds Assigned for Members' Benefits. The account pertains to the amount appropriated for members' benefits such as community development, transformation and microenterprise projects.

Funds Assigned for Education and Training. The account pertains to the amount appropriated for education and training such as training of members and employees and investment in new systems.

Remeasurement Loss on Net Retirement Asset. This pertains to the cumulative amount of remeasurement of net retirement asset arising from actuarial gains and losses due to experience and demographic assumptions as well as gains and losses in the retirement fund.

Fair Value Reserve on AFS Financial Assets. The cumulative fair value changes on AFS financial assets comprise gains and losses arising from the revaluation of AFS financial assets at fair market values.

Fair Value Reserve on AFS Financial Assets reclassified to HTM Investments. This account pertains to the unrealized gains or losses at the date of reclassification. This will be amortized as premium over the term of the investments as additional interest income using the effective interest method.

Revenue Recognition
The Association has determined that they are acting as principal on its premium for all of their other revenue arrangements.

Members' Contributions and Premiums. These are recognized when due. The annual members' contribution of two hundred forty pesos is for mandatory life insurance cover while premiums include the following:

- One (1) peso weekly for every thousand pesos of loan availed for credit life;
- Ten pesos annually for every thousand pesos loan availed for mortgage redemption insurance;
- Two hundred forty pesos annually for life plus insurance plan cover; and
- Six hundred fifty pesos annually for life maximum insurance cover.

Members' Contributions and Premiums Ceded to Reinsurers. The account are recognized as expense when the policy becomes effective.

Interest Income. This pertains for all interest-bearing financial instruments recognized in profit or loss using effective interest method.

Dividend Income. This is recognized when the Association's right to receive payment is established.

Gain on Sale of Investments. This pertains to the amount in excess of the selling price against the carrying amount of the AFS financial assets in a sale transaction.

Other Income. This consists of miscellaneous income of the Association that are recognized at point in time once the performance of the related obligation is completed.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when the related goods are sold, upon utilization of services or at the date the costs and expenses are incurred.

Claims and Benefits. Claims consist of benefits and claims paid and unpaid to members, denied and resisted claims and incurred but not reported (IBNR) claims. Provision for IBNR is made for the cost of claims incurred as of each reporting date but not reported until after the reporting date based on the Association's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss of subsequent years. Death claims and surrenders are recorded on the basis of notifications received.

Other Direct Costs. Other direct costs pertain to all costs incurred by the Association that are directly related to the Association's insurance business such as marketing expenses and fees paid for collection services.

General and Administrative Expenses. Expenses are recognized when the decrease in future economic benefits related to a decrease in an asset or increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred.

Interest Expense. Interest expense on accumulated equity value reserves of active members is recognized in profit or loss when it accrues.

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 Association has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

The Association recognizes service costs, comprising of current service costs and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement asset.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in OCI in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent year.

The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Association, nor can they be paid directly to the Association. Fair value of plan assets are based on market price information or is otherwise estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets.

The net retirement asset is the fair value of plan assets out of which the obligations are to be settled directly less the present value of the defined benefit obligation.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Related Party Transactions and Relationship

Related party transactions consist of transfers of resources, services or obligations between the Association and its related parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on legal form.

Provisions

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

Contingencies

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

Events After the Reporting Date

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

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3. Significant Judgments, Accounting Estimates and Assumptions

The Association makes judgment and key estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are as follows:

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

Determining the Classification of Financial Assets. The Association classifies a financial instrument on initial recognition as a financial asset, a financial liability, or equity in accordance with the substance of the contractual arrangement and its definitions. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of assets, liabilities, and fund balance.

Determining the Fair Value of Financial Instruments. The fair value of financial instruments traded in active markets is based on quoted market prices or quoted prices for similar assets or liabilities at the reporting date. If the financial instrument is not traded in an active market, the fair value is determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by management. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices.

Estimates and Assumptions
The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Assessing the Impairment of AFS Financial Assets. The Association considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The Association evaluates among other factors, the normal volatility in share/market price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

There was no impairment loss recognized in 2024 and 2023 on the Association's AFS financial assets. As at December 31, 2024 and 2023, the carrying amount of AFS financial assets are disclosed in Note 9.

Assessing the Impairment Losses on Other Financial Assets at Amortized Cost. The Association assesses impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. In determining whether an impairment loss should be recorded in the profit or loss, the Association makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio before the decrease can be identified with an individual receivable in that portfolio.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

There was no impairment loss on receivables and HTM investments recognized in 2024 and 2023. The carrying amounts of receivables and HTM investments are disclosed in Notes 8 and 10.

Liabilities Arising from Claims made under Insurance Contracts. The ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Association will ultimately pay for such claims. The major sources of uncertainties are the frequency of claims due to contingencies covered and the timing of benefit payments.

Claims estimation by the Association considers many factors such as industry average mortality or morbidity experience, with adjustments to reflect the Association's historical experience. These liabilities form part of the Association's IBNR which is disclosed in Note 14.

Liability Adequacy Test. At each reporting period, the Association ensures that the assumptions used are best estimates, taking into consideration the current experience to determine whether liabilities are adequate in accordance with the provisions of PFRS Accounting Standards 4. Accordingly, the recorded aggregate reserves as at December 31, 2024 and 2023 disclosed in Note 15 and IBNR claims as at December 31, 2024 and 2023 disclosed in Note 14, are adequate using best estimate assumptions.

Estimating the Aggregate Reserves. The Association estimates the aggregate reserves for future contractual obligations for contributions paid by determining the forty percent (40%) of the unexpired portion of the member contributions collected each month on per week, month, quarter, semi-annual and annual basis. For premium, credit life and other optional products eighty percent (80%) of the unexpired portion is set-up. The assumption is based on a number of factors determined by an actuary including the unearned premium factor. .

As at December 31, 2024 and 2023, amounts pertaining to aggregate reserves are disclosed in Note 15.

Estimating the Useful Lives of Property and Equipment and Investment Properties. The Association estimates the useful lives of property and equipment and investment properties based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. As at December 31, 2024 and 2023, there are no changes in the estimated useful lives of property and equipment and investment properties.

The carrying amounts of property and equipment, and investment properties are disclosed in Notes 11 and 12.

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include, among others, discount rates, expected returns on plan assets and salary increase rates.

While the Association believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the cost of employee benefits and related obligations.

The details of the Association's retirement expense and net retirement asset are disclosed in Note 19.

4. **Insurance and Financial Risks Management**

The Association's activities expose it to a variety of risks such as financial and insurance risks. The overall objective of risk management is to focus on the unpredictability of financial and insurance contingencies to minimize potential adverse effects on the financial condition of the Association.

Governance

The BOT of the Association has overall responsibility for the establishment and oversight of the Association's risk management framework. The BOT has delegated to the management the responsibility of developing and monitoring the Association's risk management policies.

The Association's risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Management is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Association.

Regulatory Framework

Regulators are interested in protecting the rights of the members and maintain close observation to ensure that the Association is satisfactorily managing its affairs for the benefit of members. At the same time, the regulators are also interested in ensuring that the Association maintains appropriate solvency position to meet liabilities arising from claims and that the risks are at acceptable levels.

The operations of the Association are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions [e.g. net worth requirements and risk-based capital (RBC) requirements].

Such restrictive provisions minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

Capital Management

The Association's objective in managing fund balance is to maintain high growth by applying free cash flow to selective investments that would preclude the Association's need of additional financing. The Association sets strategies with the objective of establishing a versatile and resourceful financial management and fund balance structure. Management has overall responsibility for monitoring of fund balance in proportion to risk. Profiles for ratios are set in the light of changes in the Association's external environment and the risks underlying the Association's business operations and industry.

The Association's capital includes guaranty fund reserves, general fund balance, funds assigned for members' benefits and for education and training, and other comprehensive income.

The Association monitors fund balance on the basis of the debt-to-equity ratio which is calculated as total debt divided by total fund balance. Total debt is equivalent to accrued expenses and other liabilities, claims payable, aggregate reserves, equity value reserves, and other current liabilities. Total equity comprises the fund balance.

Debt-to-equity ratio is computed as follows:

	2024	2023
Total debt	**₱331,404,392**	₱336,207,958
Total equity	**1,200,179,811**	1,128,395,833
Debt-to-equity ratio	**27.61%**	29.80%

There were no changes in the Association's approach to fund balance management during the year.

The Association is subject to imposed capital requirements set by IC. Compliance with these requirements is discussed below.

Net Worth Requirement
Under the Insurance Code, mutual benefit associations must have available total member's equity in an amount to be determined by the IC above all liabilities for losses reported as net worth requirement.

The Association' non-admitted assets as defined in the Insurance Code and included in the statements of assets, liabilities, and fund balance are as follows:

	2024 (Estimate)	2023 (Actual)
Property and equipment	**₱4,337,950**	₱3,395,390
Receivables	**902,398**	407,998
Other assets	**2,138,252**	2,493,424
	₱7,378,600	₱6,296,812

As at December 31, 2024 and 2023, the Association is compliant with the required net worth requirement based of the IC. The final amount of the net worth as at December 31, 2024 can be determined only after the accounts of the Association have been examined by the IC in accordance with its rules and regulations on the admissibility of assets and liabilities.

RBC Requirements
On December 28, 2016, the IC released Circular Letter No. 2016-69, Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves, and Amended Risk-based Capital (RBC 2) Framework, which provides, among other things, that the level of sufficiency for the amended RBC 2 shall be at 95th percentile level of sufficiency for the year 2017, 97.5th percentile for the year 2018, and 99.5th percentile for the year 2019. RBC 2 Framework shall be made effective January 1, 2017.

Failure to meet the minimum RBC ratio shall subject the Association to regulatory intervention which could be at various levels depending on the degree of the violation.

The following table shows the RBC ratio at December 31, 2024 and 2023 which were determined by the Association based on the prescribed calculations of the IC:

	2024 (Estimate)	2023 (Actual)
Net worth	**₱1,190,696,241**	₱1,050,046,397
Risk-based capital requirement	**31,216,946**	48,530,231
Risk-based capital ratio	**3,814%**	2,164%

As at December 31, 2024 and 2023, the Association is compliant with the required RBC ratio based on the Association's internal calculation. The final amount of the RBC ratio as at December 31, 2024 can be determined only after the accounts of the Association have been examined by the IC in accordance with its rules and regulations on the admissibility of assets and liabilities.

Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The principal risk that the Association faces under its insurance contracts are that the actual claims and benefit payments exceed the carrying value of the insurance liabilities, which was the estimates, established using certain assumptions.

The table below sets out the concentration of life insurance contract by type of contract as at December 31, 2024 and 2023.

	2024		2023	
Contract Type	**Gross of Reinsurance**	**Net of Reinsurance**	Gross of Reinsurance	Net of Reinsurance
Basic life	**₱27,156,216**	**₱27,132,966**	₱36,900,644	₱36,870,644
Credit life	**47,527,168**	**47,504,668**	54,580,126	54,553,626
Life maximum benefit	**16,493,016**	**16,493,016**	30,289,447	30,289,447
Life plus benefit	**12,590,676**	**12,590,676**	11,064,891	11,064,891
Members' fees and dues	**1,364,036**	**1,364,036**	7,869,042	7,869,042
Golden Life Insurance Plan (GLIP)	**1,892,211**	**1,892,211**	1,825,341	1,825,341
Mortgage redemption insurance	**308,271**	**308,271**	856,560	856,560
GLIP basic	**431,831**	**431,831**	515,943	515,943
	₱107,763,425	**₱107,717,675**	₱143,901,994	₱143,845,494

The Association's exposure to insurance risk as at December 31, 2024 and 2023 are as follows:

	Note	**2024**	2023
Aggregate reserves	15	**₱25,114,837**	₱28,425,762
Equity value reserves	16	**294,203,845**	288,501,975
		₱319,318,682	₱316,927,737

Key Assumptions

The principal assumption underlying the estimates is the Association's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future. For example, one off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivity Analysis for Insurance Risk
It is estimated that a general increase of one percent (1%) in aggregate and equity value reserves, with all other variables held constant, would result to a decrease on the Association's net income and equity as at December 31, 2024 and 2023 by approximately ₱3.19 million and ₱3.17 million, respectively. An equal change in the opposite direction would have increased net income and equity by an equal but opposite amount.

Financial Risks
The Association has significant exposure to the following financial risks and from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

There has been no change to the Association's exposure to financial risks (i.e. credit risk, liquidity risk and market risk) or the manner in which it manages and measures the risks since prior financial year.

Credit Risk
Credit risk is the risk of financial loss to the Association if the counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Association's financial assets.

Except for HTM and AFS financial assets which mature on various dates, all of the Association's financial assets are current. Thus, the credit risk relating to these financial assets is considered small due to the short settlement period involved. The Association's HTM and AFS financial assets consist primarily of government debt securities. Since these are backed by the full faith and credit of the Philippine Government, these are generally considered to be free of credit risk.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting dates are as follows:

	Note	**2024**	2023
Cash and cash equivalents*	6	**₱61,088,105**	₱137,358,108
Short-term investment	7	**17,000,000**	–
Receivables	8	**10,397,389**	9,447,299
AFS financial assets**	9	**1,022,852,789**	942,423,339
HTM investments	10	**181,309,561**	182,002,599
Other assets***	24	**308,798**	794,321
		₱1,292,956,642	₱1,272,025,666

**Excluding cash on hand.*
***Excluding equity securities.*
****Excluding prepaid expenses and fidelity bond deposits.*

The Association's concentration of credit risk arising from its investments in government debt securities which represents 59.06% and 66.46% of its total financial assets as at December 31, 2024 and 2023, respectively, are as follows:

	Note	**2024**	2023
AFS - Government debt securities	9	**₱630,537,802**	₱649,682,657
HTM investments	10	**181,309,561**	182,002,599
		₱811,847,363	₱831,685,256

The table below provides information regarding the credit risk exposure of the Association as at December 31, 2024 and 2023 by classifying assets according to the Association's credit grading of counterparties.

	2024				
	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade-Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	**₱61,088,105**	**₱–**	**₱61,088,105**	**₱–**	**₱61,088,105**
Short-term investment	**17,000,000**	**–**	**17,000,000**	**–**	**17,000,000**
Receivables	**–**	**10,397,389**	**10,397,389**	**–**	**10,397,389**
AFS financial assets**	**1,022,852,789**	**–**	**1,022,852,789**	**–**	**1,022,852,789**
HTM investments	**181,309,561**	**–**	**181,309,561**	**–**	**181,309,561**
Other assets***	**–**	**308,798**	**308,798**	**–**	**308,798**
	₱1,282,250,455	**₱10,706,187**	**₱1,292,956,642**	**₱–**	**₱1,292,956,642**

**Excluding cash on hand.*
***Excluding equity securities.*
****Excluding prepaid expenses and fidelity bond deposits.*

	2023				
	Neither Past Due nor Impaired				
	Investment High-grade	Non-investment Grade-Satisfactory	Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
Cash and cash equivalents*	₱137,358,108	₱–	₱137,358,108	₱–	₱137,358,108
Receivables	–	9,447,299	9,447,299	–	9,447,299
AFS financial assets**	942,423,339	–	942,423,339	–	942,423,339
HTM investments	182,002,599	–	182,002,599	–	182,002,599
Other assets***	–	794,321	794,321	–	794,321
	₱1,261,784,046	₱10,241,620	₱1,272,025,666	₱–	₱1,272,025,666

**Excluding cash on hand.*
***Excluding equity securities.*
****Excluding prepaid expenses and fidelity bond deposits.*

The Association has no past due and impaired financial assets as at December 31, 2024 and 2023.

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

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

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

Past Due and Impaired - This pertains to the allowance for impairment loss that the Association recognizes due to the uncertainty of the collectability of the Association's receivables.

Liquidity Risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

The Association prepares weekly cash position report and weekly check disbursement forecast, which assists in monitoring cash flow requirements. Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be predicted.

The maturity profile of the Association's financial liabilities that has contractual maturities of one year or less as at December 31, 2024 and 2023 are as follows:

		2024	
	Note	**Carrying Amount**	**Contractual Cash Flow**
Accrued expenses and other liabilities*	13	**₱2,982,205**	**₱2,982,205**
Claims payable	14	**3,224,095**	**3,224,095**
Equity value reserves	16	**294,203,845**	**294,203,845**
		₱300,410,145	**₱300,410,145**

**Excluding payables to government agencies.*

		2023	
	Note	Carrying Amount	Contractual Cash Flow
Accrued expenses and other liabilities*	13	₱7,302,582	₱7,302,582
Claims payable	14	3,733,444	3,733,444
Equity value reserves	16	288,501,975	288,501,975
		₱299,538,001	₱299,538,001

**Excluding payables to government agencies.*

Market Risk

Market risk is the risk that causes changes in market prices, such as interest rate and equity price risks. This will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters, while optimizing the return. The Association's exposure to currency risk was assessed by management to be insignificant.

Interest Rate Risk

There are two types of interest rate risk:

- *Fair Value Interest Rate Risk* - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and

- *Cash Flow Interest Rate Risk* - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Significant portion of the Association's investments is composed of interest- bearing debt instruments carried at fair value. As a result, the Association is exposed to fair value interest rate risk.

The Association's interest-bearing financial instruments exposed to interest rate risks as at December 31, 2024 and 2023 are as follows:

	Note	2024	2023
Cash and cash equivalents*	6	**₱61,088,105**	₱137,358,108
Short-term investment	7	**17,000,000**	–
AFS financial assets**	9	**1,022,852,789**	942,423,339
HTM investments	10	**181,309,561**	182,002,599
		₱1,282,250,455	₱1,261,784,046

**Excluding cash on hand.*
***Excluding equity securities.*

The following table demonstrates Association's best estimate of the sensitivity to reasonable possible change in interest rates, with all other variables held constant, to the Association's net income and equity as at December 31:

	Change in Basis Points (bps)	Effect on Net Income/Equity
2024	**Increase by 13 bps**	**₱1,664,911**
	Decrease by 13 bps	**(1,664,911)**
2023	Increase by 13 bps	1,640,319
	Decrease by 13 bps	(1,640,319)

The Association does not carry debt instrument with variable interest rate and, thus, is not exposed to cash flow interest rate risk.

Interest rate risk is mitigated by the Association's BOT by constructing a portfolio of debenture instruments with diversified maturities. Any excess cash of the Association are temporarily invested in time deposits with the term to maturity of 35 days up to 3 months and later placed in instruments with longer tenors.

The Association believes that the analysis above is representative of the interest rate risk.

Equity Price Risk
Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Association's equity price risk exposure relates to equity securities designated as AFS financial assets with carrying amount of ₱170.47 million and ₱126.93 million as at December 31, 2024 and 2023, respectively (Note 9). The value of these equity securities will fluctuate with changes in market conditions.

An average of 1.83% increase (2023: 2.66% decrease) in stock prices would have increased (decreased) equity by ₱3.12 million as at December 31, 2024 (2023: ₱3.37 million), with all variables remaining constant. An equal change in the opposite direction would have increased equity by an equal but opposite amount.

In 2024 and 2023, the Association determined the reasonably possible change in Philippine Stock Exchange (PSE) Index based on the historical fluctuation of equity securities the Association holds as of the reporting date.

Deferral of PFRS Accounting Standards 9

The Association applies the temporary exemption from PFRS Accounting Standards 9 as permitted by the amendments to PFRS Accounting Standards 4, *Applying PFRS Accounting Standards 9 with PFRS Accounting Standards 4* and has elected to defer the application of PFRS Accounting Standards 9 until the Association adopts PFRS Accounting Standards 17 pertaining to Insurance Contracts.

Under the amended PFRS Accounting Standards 4, an entity has to prove that its activities are predominantly connected with insurance. This condition is met if the carrying amount and the percentage of its liabilities arising from contracts within the scope of PFRS Accounting Standards 4 is significant or greater than 90% relative to the total carrying amount of all its liabilities or less than or equal to 90% but greater than 80%, and the insurer does not engage in a significant activity unconnected with insurance.

The Association performed the predominance assessment and concluded that it qualified for the temporary exemption from PFRS Accounting Standards 9. The Association did not subsequently reassess its eligibility for the temporary exemption from PFRS Accounting Standards 9 as there was no change in the Association's activities for the years ended December 31, 2024 and 2023.

The following table provides an overview of the fair values as at December 31, 2024 and 2023, and the amounts of changes in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS Accounting Standards 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

		2024			
		Financial assets that meet the SPPI criteria		**All other financial assets**	
	Note	**Fair Value**	**Fair Value Change during the Reporting Period**	**Fair Value**	**Fair value Change during the Reporting Period**
Cash and cash equivalents*	6	**₱61,088,105**	**₱–**	**₱–**	**₱–**
Short-term investment	7	**17,000,000**	**–**	**–**	**–**
Receivables	8	**10,397,389**	**–**	**–**	**–**
AFS financial assets**	9	**–**	**–**	**1,022,852,789**	**18,262,513**
HTM investments	10	**181,309,561**	**326,496**	**–**	**–**
Other assets***	24	**308,798**	**–**	**–**	**–**
		₱270,103,853	**₱326,496**	**₱1,022,852,789**	**₱18,262,513**

**Excluding cash on hand.*
***Excluding any financial asset that meets the definition of held for trading in PFRS Accounting Standards 9, or that is managed and whose performance is evaluated on a fair value basis.*
****Excluding prepaid expenses and fidelity bond deposits.*

		2023			
		Financial assets that meet the SPPI criteria		All other financial assets	
	Note	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair value Change during the Reporting Period
Cash and cash equivalents*	6	₱137,358,108	₱–	₱–	₱–
Receivables	8	9,447,299	–	–	–
AFS financial assets**	9	–	–	942,423,339	41,867,636
HTM investments	10	182,002,599	369,115	–	–
Other assets***	24	794,321	–	–	–
		₱329,602,327	₱369,115	₱942,423,339	₱41,867,636

**Excluding cash on hand.*
***Excluding any financial asset that meets the definition of held for trading in PFRS Accounting Standards 9, or that is managed and whose performance is evaluated on a fair value basis.*
****Excluding prepaid expenses and fidelity bond deposits.*

5. Fair Value Measurements and Disclosures

A number of the Association's accounting policies and disclosures require the determination of fair values, for both financial assets and financial liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the methods as described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes to the financial statements specific to the assets or liability.

The carrying amounts of the Association's financial instruments such as cash and cash equivalents (excluding cash on hand), short-term investment, receivables, other assets (excluding prepaid expenses and fidelity bond deposits), accrued expenses and other liabilities (excluding payables to government agencies), claims payable, aggregate reserves, and equity value reserves approximate fair value at year-end due to the relatively short-term maturities of these financial assets and liabilities.

AFS financial assets is measured at fair value. The fair values of quoted equity securities were determined by reference to quoted market prices published by PSE. While for debt securities, the market price reference in determining the market value is derived from PHP Bloomberg Valuation Services (BVAL) and Philippine Dealings and Exchange (PDEX) as at December 29, 2024 and December 29, 2023, respectively.

If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Investments in unquoted equity instruments for which no reliable basis for fair value measurement is available are carried at cost, net of any allowance for impairment losses.

The carrying amount of the Association's HTM investments approximate its fair value at year end. Management believes that the effect of discounting and future cash flows for these instruments using the prevailing market is not significant.

The fair value of AFS financial assets using Level 1 inputs is ₱1,193.32 million and ₱1,069.36 million as at December 31, 2024 and 2023, respectively (Notes 9 and 24).

The Association has no financial instruments measured at fair value that are categorized under Level 2 and 3. There has been no transfer between levels in 2024 and 2023.

6. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱299,000**	₱302,000
Cash in banks	**22,148,860**	36,841,677
Cash equivalents	**38,939,245**	100,516,431
	₱61,387,105	₱137,660,108

Cash on hand pertains to petty cash fund. Cash in banks earn interest at the prevailing bank deposit rates.

Interest income pertains to the following:

	Note	2024	2023
Cash and cash equivalents		**₱3,931,054**	₱4,543,255
AFS financial assets	9	**42,165,303**	42,027,644
HTM investments	10	**6,094,311**	5,425,411
Short-term investment		**105,917**	13,935
Advances to officers and employees		**42**	75
		₱52,296,627	₱52,010,320

7. Short-term Investment

Short-term investment amounting to ₱17.00 million as at December 31, 2024 represents certificate of deposit with a local bank with 360-day maturity and earns interest of 6.425% per annum.

8. Receivables

This account consists of:

	2024	2023
Interest receivables	**₱9,494,991**	₱9,039,301
Advances to officers and employees	**719,501**	377,316
Others	**182,897**	30,682
	₱10,397,389	₱9,447,299

Interest receivables pertain to accrued interest of debt instrument classified as AFS financial assets and HTM investments. Advances to officers and employees were loans and advances granted by the Association to their officers and employees.

9. AFS Financial Assets

This account consists of:

	2024	2023
Government debt securities	**₱630,537,802**	₱649,682,657
Corporate debt securities	**392,314,987**	292,740,682
Equity securities	**170,468,481**	126,934,912
	₱1,193,321,270	₱1,069,358,251

The movements of the AFS financial assets are as follows:

	2024	2023
Balance at beginning of year	**₱1,069,358,251**	₱979,802,040
Additions	**177,988,968**	135,000,000
Maturities and disposals	**(73,639,942)**	(85,727,623)
Net amortization of premium and discount	**1,351,480**	(1,583,802)
Net fair value gain	**18,262,513**	41,867,636
Balance at end of year	**₱1,193,321,270**	₱1,069,358,251

In 2024 and 2023, the Association recognized interest income on AFS financial assets (net of final tax) amounting to ₱42.17 million and ₱42.03 million, respectively (see Note 6).

Dividend income earned from equity securities amounted to ₱7.93 million and ₱2.66 million in 2024 and 2023, respectively.

Proceeds from maturities and disposals of AFS financial assets amounted to ₱73.64 million and ₱85.73 million which resulted in gain on sale of ₱0.31 million and ₱0.70 million for the years ended December 31, 2024 and 2023, respectively.

As at December 31, 2024 and 2023, the fair value reserve on AFS financial assets recognized in the statements of assets, liabilities, and fund balance amounted to cumulative loss of ₱50.52 million and ₱68.47 million, respectively. The movement of the account follows:

	2024	2023
Balance at beginning of year	**(₱68,474,528)**	(₱109,639,541)
Net change in fair value reserve:		
Net fair value gain	**18,262,513**	41,867,636
Transfer to profit or loss resulting from disposal	**(306,895)**	(702,623)
	17,955,618	41,165,013
Balance at end of year	**(₱50,518,910)**	(₱68,474,528)

10. HTM Investments

The movements of the Association's HTM investments are as follows:

	2024	2023
Balance at beginning of year	**₱182,002,599**	₱181,610,384
Movement in fair value reserves	**326,496**	369,115
Net amortization of premium and discount	**(1,019,534)**	23,100
Balance at end of year	**₱181,309,561**	₱182,002,599

In 2024 and 2023, the Association recognized interest income on HTM investments (net of final tax) amounting to ₱6.09 million and ₱5.43 million, respectively (see Note 6).

This investment is in compliance with Section 405 of the Insurance Code and Insurance Memorandum Circular 9-2006 requiring all micro insurance mutual benefit associations to establish a Guaranty Fund and to deposit cash or government securities equivalent to the Guaranty Fund with the Bureau of Treasury to cover for any valid benefit claim of any of its members. The HTM investments will be re-invested in similar instruments upon maturity.

In previous years, the Association reclassified certain AFS financial assets to HTM investments to comply with the requirement of the IC that the Association should maintain enough reserves in the form of government securities, which are to be held to maturity, to satisfy any valid benefit claim of its members.

The information of the outstanding HTM investments reclassified out of AFS financial assets are as follows:

Date of Reclassification	Maturity Date	Effective Interest Rate as at Date of Reclassification	Estimated Cash Flows to be Recovered upon Maturity	Carrying Amount as at Date of Reclassification
September 26, 2012	March 1, 2027	5.38%	₱13,000,000	₱13,000,000
August 23, 2013	March 1, 2027	5.35%	10,966,000	10,995,750
January 29, 2014	October 24, 2037	5.14%	10,150,500	11,495,005
October 7, 2015	February 2, 2032	4.15%	12,178,000	14,387,263
February 22, 2016	September 9, 2040	5.00%	49,553,200	47,999,918
November 22, 2017	October 24, 2037	4.70%	75,000,000	88,149,813
			₱170,847,700	₱186,027,749

The difference of the estimated cash flows to be recovered upon maturity and the carrying amount as at date of reclassification pertains to the difference of the fair value of the investments and the amortized cost of principal maturity. This will be amortized as premium over the term of the investments as additional interest income using the effective interest method.

11. Property and Equipment

The details and movements of this account are as follows:

	2024					
	Building and Improvements	Office Furniture and Fixtures	Transportation and Equipment	Office Equipment	Computer Software	Total
Cost						
Balances at beginning of year	₱325,979	₱4,132,413	₱5,231,532	₱15,601,315	₱7,175,642	₱32,466,881
Additions	1,156,167	524,940	–	4,994,601	–	6,675,708
Retirement	–	(14,613)	–	(135,033)	(5,800)	(155,446)
Balances at end of year	1,482,146	4,642,740	5,231,532	20,460,883	7,169,842	38,987,143
Accumulated Depreciation						
Balances at beginning of year	325,979	4,091,980	1,876,575	13,162,025	7,166,197	26,622,756
Depreciation	–	32,241	706,306	2,547,644	9,109	3,295,300
Retirement	–	(14,613)	–	(135,033)	(5,800)	(155,446)
Balances at end of year	325,979	4,109,608	2,582,881	15,574,636	7,169,506	29,762,610
Carrying Amount	₱1,156,167	₱533,132	₱2,648,651	₱4,886,247	₱336	₱9,224,533

	2023					
	Building and Improvements	Office Furniture and Fixtures	Transportation and Equipment	Office Equipment	Computer Software	Total
Cost						
Balances at beginning of year	₱325,979	₱4,123,012	₱1,700,000	₱13,540,383	₱7,193,116	₱26,882,490
Additions	–	96,550	3,531,532	2,098,485	–	5,726,567
Retirement	–	(87,149)	–	(37,553)	(17,474)	(142,176)
Balances at end of year	325,979	4,132,413	5,231,532	15,601,315	7,175,642	32,466,881
Accumulated Depreciation						
Balances at beginning of year	325,979	4,049,471	1,699,998	12,307,622	7,158,946	25,542,016
Depreciation	–	129,658	176,577	891,956	24,725	1,222,916
Retirement	–	(87,149)	–	(37,553)	(17,474)	(142,176)
Balances at end of year	325,979	4,091,980	1,876,575	13,162,025	7,166,197	26,622,756
Carrying Amount	₱–	₱40,433	₱3,354,957	₱2,439,290	₱9,445	₱5,844,125

Depreciation is charged to the following accounts:

	Note	2024	2023
Operating expense:			
Property and equipment	11	**₱2,063,467**	₱1,222,916
Investment property	12	**493,181**	493,181
Utilization of funds	18	**1,231,833**	–
		₱3,788,481	₱1,716,097

In 2024 and 2023, the Association has retired and disposed various items of property and equipment without gain or loss.

In 2024, the Association recognized a depreciation expense amounting to ₱1.23 million. This expense pertains to the IT equipment owned by the Association and was allocated under the "Funds Assigned for Education and Training" account.

Fully depreciated property and equipment with cost of ₱25.50 million and ₱24.52 million as at December 31, 2024 and 2023, respectively, are still being used by the Association.

12. Investment Properties

The details and movements of this account are as follows:

	Note		**2024**	
		Land	**Building**	**Total**
Cost				
Balances at beginning and end of year		**₱52,728,392**	**₱4,931,818**	**₱57,660,210**
Accumulated Depreciation				
Balances at beginning of year		**–**	**2,465,907**	**2,465,907**
Depreciation	11	**–**	**493,181**	**493,181**
Balances at end of year		**–**	**2,959,088**	**2,959,088**
Carrying Amount		**₱52,728,392**	**₱1,972,730**	**₱54,701,122**

	Note		2023	
		Land	Building	Total
Cost				
Balances at beginning and end of year		₱52,728,392	₱4,931,818	₱57,660,210
Accumulated Depreciation				
Balances at beginning of year		–	1,972,726	1,972,726
Depreciation	11	–	493,181	493,181
Balances at end of year		–	2,465,907	2,465,907
Carrying Amount		₱52,728,392	₱2,465,911	₱55,194,303

As at December 31, 2024 and 2023, the cost of investment property approximates the fair value of investment property based on management estimates. The fair value of the properties was arrived at using the market approach. In this approach, the value of the properties was based on sales and listings of comparable property registered within the vicinity. The properties used as bases of comparison are situated within the immediate vicinity of the subject properties. The comparison was premised on the factors of time, unit area or size, building age, unit improvements, building location, building features or amenities, bargaining allowance and others.

The fair value of the investment property is categorized under the Level 2 of the fair value hierarchy.

As at December 31, 2024 and 2023, no impairment is recognized for the Association's investment property.

In 2024 and 2023, no rental income was earned from investment properties.

13. Accrued Expenses and Other Liabilities

As at December 31, this account consists of:

	2024	2023
Accrued expenses	**₱2,938,447**	₱7,302,582
Payables to government agencies	**657,487**	702,479
Others	**43,758**	–
	₱3,639,692	₱8,005,061

Accrued expenses pertain to utilities and services which are generally settled within 30 days.

Payables to government agencies include payables to Bureau of Internal Revenue (BIR), PhilHealth, Pag-IBIG Fund and Social Security System.

14. Claims Payable

As at December 31, this account consists of:

	2024	2023
IBNR claims	**₱3,200,000**	₱3,200,000
Claims due and unpaid/resisted	**24,095**	533,444
	₱3,224,095	₱3,733,444

In 2024 and 2023, the Association's IBNR has no movement based on the result of the actuarial valuation report.

Claims due and unpaid/resisted consists of claims payable for:

	2024	2023
Life plus benefit	**₱10,000**	₱70,000
GLIP optional	**10,000**	20,000
Basic life	**2,620**	95,094
Golden Life Insurance Plan (GLIP) Basic	**1,475**	2,950
Credit life	**–**	175,000
Life maximum benefit	**–**	150,000
Mortgage redemption insurance	**–**	20,400
	₱24,095	₱533,444

Movements in claims due and unpaid/resisted are as follows:

	2024	2023
Balance at beginning of year	**₱533,444**	₱356,600
Claims and benefits incurred	**31,471,189**	40,265,617
Claims and benefits paid	**(31,980,538)**	(40,088,773)
Balances at end of year	**₱24,095**	₱533,444

In 2024 and 2023, the Association recognized claims and benefits expense in profit or loss amounting to ₱31.47 million and ₱40.27 million, respectively.

As discussed in Note 16, the Association reclassified its liability for equity value and interest of inactive members amounting to ₱232.73 million from "Claims payable" account to "Equity value reserves" account in the statements of assets, liabilities, and fund balance in accordance with the IC-prescribed standard chart of accounts.

15. Aggregate Reserves

In compliance with Section 410 of the Insurance Code, the Association accumulates and maintains, out of the periodic members' contributions and premiums collected, sufficient reserves for future contractual obligations for which it holds funds in securities satisfactory to the Insurance Commissioner consisting of bonds of the Government of the Philippines, or any of its political subdivisions and instrumentalities, or other good securities as may be approved by the Insurance Commissioner. Moreover, the said reserve liability established in accordance with actuarial procedures is approved by the Insurance Commission.

The movement of the account follows:

	2024	2023
Balance at beginning of the year	**₱28,425,762**	₱42,494,659
Decrease during the year	**(3,310,925)**	(14,068,897)
Balance at end of year	**₱25,114,837**	₱28,425,762

16. Equity Value Reserves

In compliance with Section 409 of the Insurance Code, the Association maintains an equity value reserves of 50% of the total mandatory members' contributions collected thereon.

The mandatory members' contributions collected amounting to ₱27.58 million and ₱37.42 million has a corresponding additional equity value reserve of ₱13.79 million and ₱18.71 million in 2024 and 2023, respectively.

The table below shows the roll forward analysis of the account as at December 31, 2024 and 2023.

	Note	**2024**	2023
Balance at beginning of year		**₱288,501,975**	₱67,375,680
Increase in equity value		**13,794,023**	18,708,293
Refund of equity value		**(8,477,327)**	(12,404,445)
Reclassification to claims payable		**–**	(18,259,687)
Interest on EV - Basic Life Insurance Plan (BLIP)/GLIP included in the Equity Value Reserves		**385,174**	356,889
Balance at end of year, as previously reported		**294,203,845**	55,776,730
Reclassification from claims payable	14	**–**	232,725,245
Balance at end of year		**₱294,203,845**	₱288,501,975

In 2024, the Association reclassified its liability for equity value and interest of inactive members amounting to ₱232.73 million from "Claims payable" account to "Equity value reserves" account in the statements of assets, liabilities, and fund balance in accordance with the IC-prescribed standard chart of accounts. The reclassification adjustment was also reflected in the 2023 financial statements to conform with the current year presentation.

Interest expense on equity value reserves amounted to ₱0.39 million and ₱0.36 million for the years ended December 31, 2024 and 2023, respectively.

17. Guaranty Fund Reserves

As a microinsurance mutual benefit association, the Association is required to maintain a Guaranty Fund amounting to ₱5.00 million, and every year thereafter, increase its Guaranty Fund by an amount equivalent to 5.00% of gross premium collections until the amount of the Guaranty Fund reaches 25.00% of the required net worth for existing domestic life insurance companies.

As at December 31, 2024 and 2023, the guaranty fund reserves amounted to ₱164.81 million and ₱159.49 million, respectively.

The Guaranty fund shall be deposited with the IC in cash, or in government securities with a total value equal to such amount. As at December 31, 2024 and 2023, the Association has restricted investments of ₱181.31 million and ₱182.00 million, respectively, with the Bureau of Treasury to cover for any valid benefit claim of any of its members (Notes 10 and 24).

The amount transferred from general fund to guaranty fund reserves amounted to ₱5.32 million and ₱6.80 million in 2024 and 2023, respectively (Note 18).

18. General Fund Balance and Assigned Funds

Section 408 of the Insurance Code requires a mutual benefit association to only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Insurance Commission. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services. As at December 31, 2024 and 2023, the Association has an excess general fund balance amounting to ₱132.66 million and ₱119.51 million, respectively, which will be appropriated by the Association in the subsequent periods.

The roll forward analysis of the account as at December 31, 2024 and 2023 are as follows:

	Note	**2024**	2023
Beginning balance		**₱186,754,993**	₱189,055,351
Net income for the year		**58,631,118**	79,284,499
Transfer to funds assigned for members benefits		**(28,786,771)**	(55,392,054)
Transfer to funds assigned for education and training		**(12,337,187)**	(23,739,452)
Transfer to guaranty fund	17	**(5,319,970)**	(6,801,602)
Utilization of funds assigned for members' benefits and education and training		**–**	4,348,251
		₱198,942,183	₱186,754,993

In 2024 and 2023, the utilization of funds assigned for members' benefits and education and training are as follows:

	Note	2024	2023
Funds assigned for members' benefits		**₱3,805,169**	₱2,767,443
Funds assigned for education and training:			
Depreciation of property and equipment	11	**1,231,833**	–
Others		**–**	1,580,808
		1,231,833	1,580,808
		₱5,037,002	₱4,348,251

19. Retirement Benefit

The Association has a funded, noncontributory defined benefit retirement plan covering all regular employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined by an independent actuary using the projected unit credit method. The actuarial valuation is made on an annual basis and the latest actuarial valuation was made as at December 31, 2024.

The Plan entitles a retired employee to receive a lump sum pension payment. Employees who retire at the normal age of 60 with at least five (5) years of credited service are entitled to receive payment equal to 100% of the latest monthly salary per year of service.

Employees may elect to retire with the consent of the Association prior to their normal retirement date provided he is at least 50 years old and has completed at least 10 years of credited service.

Employees who are allowed by the Association to continue to work on a yearly extension basis beyond their normal retirement age shall continue to be a member of the plan until they retire. However, the benefit shall be computed only up to the employee's normal retirement date.

The Plan is registered with the BIR as a tax-qualified plan under Republic Act No. 4917, an act providing that retirement benefits of employees of private firms shall not be subject to attachment, levy, execution, or any tax whatsoever, as amended. The control and administration of the plan is vested in the BOT. The retirement plan is being administered by its trustee, BPI Asset Management and Trust Corporation.

The following table shows the reconciliation from the opening balances to the closing balances of the net retirement asset and its components.

	Defined Benefit Obligation		Fair Value of Plan Assets		Net Retirement (Asset) Liability	
	2024	2023	**2024**	2023	**2024**	2023
Balance at January 1	**₱5,626,426**	₱4,469,255	**₱8,230,108**	₱7,916,848	**(₱2,603,682)**	(₱3,447,593)
Included in Profit or Loss						
Current service cost	**566,870**	458,748	**–**	–	**566,870**	458,748
Net interest	**346,642**	328,962	**723,122**	807,886	**(376,480)**	(478,924)
Interest expense on the effect of asset ceiling	**–**	–	**(216,069)**	(225,162)	**216,069**	225,162
	913,512	787,710	**507,053**	582,724	**406,459**	204,986
Included in Other Comprehensive Income (Loss)						
Remeasurement loss (gain) arising from:						
Financial assumptions	**(37,110)**	574,889	**–**	–	**(37,110)**	574,889
Experience adjustment	**503,683**	(205,428)	**–**	–	**503,683**	(205,428)
Return on plan assets excluding interest income	**–**	–	**(281,427)**	(46,603)	**281,427**	46,603
Changes in the effect of asset ceiling	**–**	–	**655,748**	(222,861)	**(655,748)**	222,861
	466,573	369,461	**374,321**	(269,464)	**92,252**	638,925
Balance at December 31	**₱7,006,511**	₱5,626,426	**₱9,111,482**	₱8,230,108	**(₱2,104,971)**	(₱2,603,682)

The changes in the effect of asset ceiling are as follows:

	2024	2023
Balance at beginning of year	**₱3,507,063**	₱3,059,040
Remeasurement gain (loss) on the change in the effect of asset ceiling	**(655,748)**	222,861
Interest expense on effect of asset ceiling	**216,069**	225,162
	₱3,067,384	₱3,507,063

The Association's plan assets consist of the following:

	2024	2023
Unit investment trust funds	**₱12,178,623**	₱11,736,931
Cash	**242**	239
	₱12,178,865	₱11,737,170

The table below shows the roll forward analysis of remeasurement gain (loss) on retirement asset account presented under the statements of assets, liabilities, and fund balance as at December 31, 2024 and 2023.

	2024	2023
Beginning balance	**(₱2,147,466)**	(₱1,508,541)
Actuarial loss	**(466,573)**	(369,461)
Return on plan assets excluding interest income	**(281,427)**	(46,603)
Remeasurement loss (gain) related to the effect of asset ceiling	**655,748**	(222,861)
Ending balance	**(₱2,239,718)**	(₱2,147,466)

The expected contribution to the defined benefit retirement plan in 2024 is ₱11.07 million.

Assumptions regarding future mortality have been based on the 2001 CSO Table - Generational mortality table. The current members' longevity is at ages 33.83 and 33.78 in December 31, 2024 and 2023, respectively. The weighted-average duration of the defined benefit obligation is 15.29 years and 16.28 years as at December 31, 2024 and 2023, respectively.

Maturity analysis of the benefit payments:

	2024				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1 – 5 Years**	**More than 5 Years**
Defined benefit obligation	**₱7,006,511**	**₱11,072,954**	**₱523,028**	**₱2,392,847**	**₱8,157,079**

	2023				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 – 5 Years	More than 5 Years
Defined benefit obligation	₱5,626,426	₱8,125,175	₱402,765	₱1,777,682	₱5,944,728

The following were the principal actuarial assumptions at the reporting date:

	2024	2023
Discount rate	**6.22%**	6.16%
Future salary growth	**5.00%**	5.00%

Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2024	
	Defined Benefit Obligation	
	Increase	**Decrease**
Discount rate (1% movement)	**(₱552,337)**	**₱628,746**
Future salary growth (1% movement)	**558,120**	**(501,449)**
Discount rate (1% movement)	(₱485,574)	₱557,796
Future salary growth (1% movement)	500,354	(445,642)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Association to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The Association is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Association's discretion. However, in the event a benefit claim arises and the plan assets is insufficient to pay the claim, the shortfall will then be due and payable from the Association to the plan assets.

20. Repairs and Maintenance

This account consists of:

	2024	2023
Service fees	**₱1,523,221**	₱1,414,832
Repairs and maintenance	**1,087,770**	2,354,615
	₱2,610,991	₱3,769,447

Service fees represent the amount paid to cover the cost of providing services to a building for its maintenance and minor improvements.

Repairs and maintenance pertain to the expenses incurred to restore the property and equipment to its previous operating condition or keep them in its current operating condition.

21. Salaries and Other Employee Benefits

The account consists of:

	Note	2024	2023
Salaries		**₱5,751,962**	₱5,330,789
Bonuses		**859,116**	1,051,313
Contribution to SSS, PhilHealth and Pag-IBIG		**610,567**	521,151
Retirement expense	19	**406,459**	204,986
Employees' leave conversion		**153,164**	164,894
Staff training expenses		**26,372**	199,895
Others		**382,196**	451,332
		₱8,189,836	₱7,924,360

Salaries pertain to the basic salaries of employees not directly related to underwriting of policies and claims handling activities (support employees) of the Association.

Bonuses consist of the 13th month pay and other bonuses paid to the support employees.

Others includes other benefits granted to support employees.

22. Other Direct Costs

This account consists of:

	Note	2024	2023
Direct salaries and benefits expenses		**₱21,919,026**	₱19,501,344
Collection fees	25	**15,733,864**	21,273,870
Membership enrollment and marketing fees		**3,335,350**	5,502,076
Government contributions		**2,136,933**	1,911,832
Others		**20,446**	2,819,918
		₱43,145,619	₱51,009,040

Direct salaries and benefits expenses represent the salaries of officers and employees directly related to the underwriting of policies and claims handling activities of the Association.

Collection fees represent the amount paid to Tulay sa Pag-unlad, Inc. NGO (TSPI NGO) for collection services as stated in the Memorandum of Agreement between the two (2) parties (Note 25).

Membership enrollment and marketing fees pertain to the amount paid to insurance officers in marketing the product, including member mobilization, and production of policy forms and promotional materials of the Association.

23. Miscellaneous

This account consists of:

	2024	2023
Investment management fees	**₱150,138**	₱219,188
Bank and other charges	**149,614**	101,077
Transportation and travel	**131,661**	150,202
Insurance expense	**96,284**	55,235
Representation and entertainment	**30,031**	83,079
	₱557,728	₱608,781

24. Maturity Analysis of Financial and Non-financial Assets and Liabilities

The tables below show an analysis of assets and liabilities as at December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the reporting date:

		2024		
	Note	Due Within 1 year	Due Beyond 1 year	Total
Financial Assets:				
Cash and cash equivalents	6	₱61,387,105	₱–	₱61,387,105
Short-term investment	7	17,000,000	–	17,000,000
AFS financial assets	9	–	1,193,321,270	1,193,321,270
HTM investments	10	–	181,309,561	181,309,561
Receivables	8	10,397,389	–	10,397,389
Other assets	4	308,798	–	308,798
		89,093,292	1,374,630,831	1,463,724,123
Non-Financial Assets:				
Property and equipment	11	₱–	₱9,224,533	₱9,224,533
Investment properties	12	–	54,701,122	54,701,122
Net retirement asset	19	–	2,104,971	2,104,971
Other assets		1,829,454	–	1,829,454
		1,829,454	66,030,626	67,860,080
		₱90,922,746	₱1,440,661,457	₱1,531,584,203
Financial Liabilities:				
Accrued expenses	13	₱2,982,205	₱–	₱2,982,205
Claims payable	14	3,224,095	–	3,224,095
Equity value reserves	16	294,203,845	–	294,203,845
		300,410,145	–	300,410,145
Non-Financial Liabilities:				
Payables to government agencies	13	657,487	–	657,487
Aggregate reserves	15	25,114,837	–	25,114,837
Other current liabilities		5,221,923	–	5,221,923
		30,994,247	–	30,994,247
		₱331,404,392	₱–	₱331,404,392

		2023		
	Note	Due Within 1 year	Due Beyond 1 year	Total
Financial Assets:				
Cash and cash equivalents	6	₱137,660,108	₱–	₱137,660,108
AFS financial assets	9	–	1,069,358,251	1,069,358,251
HTM investments	10	–	182,002,599	182,002,599
Receivables	8	9,447,299	–	9,447,299
Other assets	4	794,321	–	794,321
		147,901,728	1,251,360,850	1,399,262,578
Non-Financial Assets:				
Property and equipment	11	–	5,844,125	5,844,125
Investment properties	12	–	55,194,303	55,194,303
Net retirement asset	19	–	2,603,682	2,603,682
Other assets		1,699,103	–	1,699,103
		1,699,103	63,642,110	65,341,213
		₱149,600,831	₱1,315,002,960	₱1,464,603,791
Financial Liabilities:				
Accrued expenses	13	₱7,302,582	₱–	₱7,302,582
Claims payable	14	3,733,444	–	3,733,444
Equity value reserves	16	288,501,975	–	288,501,975
		299,538,001	–	299,538,001
Non-Financial Liabilities:				
Payables to government agencies	13	702,479	–	702,479
Aggregate reserves	15	28,425,762	–	28,425,762
Other current liabilities		7,541,716	–	7,541,716
		36,669,957	–	36,669,957
		₱336,207,958	₱–	₱336,207,958

25. Related Party Transactions

The Association has transactions and balances with related parties as follows:

Category/Transaction	Note	Year	Amount of the Transaction	Due from (to) Related Parties	Terms	Conditions
Entity under Common Key Management						
a. Members' contributions and premiums collected	25a	**2024**	**₱107,763,425**	**₱–**	**Payable on demand; non-interest bearing**	**Unsecured; no impairment**
	25a	2023	143,901,994	(40,403)	Payable on demand; non-interest bearing	Unsecured; no impairment
b. Claims and benefits paid	25b	**2024**	**31,980,538**	**–**	**Payable on demand; non-interest bearing**	**Unsecured**
	25b	2023	40,088,773	(823,508)	Payable on demand; non-interest bearing	Unsecured
c. Collection fees	25c, 22	**2024**	**15,733,864**	**–**	**Payable on demand; non-interest bearing**	**Unsecured**
	25c, 22	2023	21,273,870	(229,091)	Payable on demand; non-interest bearing	Unsecured
d. Remittance of loan payments	25d	**2024**	**–**	**–**	**Payable on demand; non-interest bearing**	**Unsecured**
	25d	2023	38,974,948	–	Payable on demand; non-interest bearing	Unsecured
		2024		**₱–**		
		2023		(₱1,093,002)		

Outstanding receivables from and payables to related parties are expected to be settled in cash. The outstanding balance of payables to related parties as at December 31, 2024 and 2023 are presented as part of "Accrued expenses and other liabilities" account in the statements of assets, liabilities, and fund balance.

25a. TSPI NGO, an entity with the same key management as the Association, is a nonstock, nonprofit organization, whose mission is to provide individuals and communities the opportunity to experience fullness of life through small and micro-enterprise development. Effective January 1, 2007, TSPI collects members' contributions and premiums from the Association's members. As at December 31, 2024 and 2023, the outstanding balance owed to (receivable from) TSPI NGO amounted to nil and ₱0.04 million, respectively.

25b. TSPI NGO also settles claims to the beneficiaries of members on behalf of the Association using the members' contributions and premiums collected. In instances where the claims to be settled exceeds the amount of members' contributions and premiums collected, TSPI advances the payment of claims to the beneficiaries. Starting 2021, the Association directly settles claims to the beneficiaries. As at December 31, 2024 and 2023, the outstanding balance of nil and ₱0.82 million, respectively, represents the remaining settlement claims paid in advance by TSPI.

25c. TSPI NGO provides the promotion and marketing of the Association's products to the TSPI's microfinance clients including collection of members' contributions and premiums for the said products of the Association. The Association reimburses the marketing and sales expenses incurred by TSPI on behalf of the Association. Effective September 27, 2017, TSPI charges the Association 15% service fee based on members' contributions and premiums collected for the services rendered for the Association.

In 2024 and 2023, marketing and sales expenses amounting to ₱15.73 million and ₱21.27 million, respectively, were recognized as part of "Collection fees" in "Other direct costs" account in profit or loss (Note 22). As at December 31, 2024 and 2023, the outstanding balance owed to TSPI amounted nil and ₱229,091, respectively.

25d. The Association and TSPI NGO entered into service level agreement for the deposit accommodation of Association's members to pay for their TSPI loans. The Association depository accounts may accommodate the Association's members' payment of TSPI loans dues as a means to assist the members. The settlement of loan payments of members is remitted to TSPI in accordance with settlement process whereby funds received by the Association is transferred to TSPI for proper application to the TSPI loan dues of the members.

<u>**Compensation of Key Management Personnel**</u>

Total short-term remuneration of the Association's key management personnel amounted to ₱4.4 million and ₱3.90 million for the years ended December 31, 2024 and 2023, respectively, and are recorded under "Salaries and other employee benefits" in profit or loss. Post-employment benefits amounted to ₱0.50 million and ₱0.81 million for the years ended December 31, 2024 and 2023, respectively.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Members and Board of Trustees
TSPI Mutual Benefit Association, Inc.
3rd Floor, Tulay sa Pag-unlad, Inc. (TSPI) Bldg.
2363 Antipolo St, Guadalupe Nuevo
Makati City 1212

We have audited the accompanying financial statements of TSPI Mutual Benefit Association, Inc. (the Association), a nonstock, nonprofit organization, as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated March 12, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Association has no stockholder being a nonstock, nonprofit organization.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2026
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
IC Accreditation IC-EA-2024-0018-R
Valid for Financial Periods 2024 to 2026
PTR No. 10467120
Issued January 2, 2025, Makati City

March 12, 2025
Makati City, Metro Manila

TSPI MUTUAL BENEFIT ASSOCIATION, INC.

Supplementary Schedules of External Auditor Fee Related Information

DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees	**₱550,000**	₱500,000
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-Audit Fees	–	–
Total Audit and Non-audit Fees	**₱550,000**	₱500,000

Audit and Non-audit Fees of Other Related Entities

	2024	2023
Audit Fees	**₱–**	₱–
Non-audit services fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Audit and Non-audit Fees of Other Related Entities	**₱–**	₱–

SWORN STATEMENT

We, **ALICE Z. CORDERO** and **FLORENCIA G. TARRIELA**, President and Treasurer, respectively of **TSPI Mutual Benefit Association, Inc.**, with address at **3F TSPI Building, 2363 Antipolo St., Guadalupe Nuevo, Makati City,** hereby depose and state that:

In compliance with Revised SRC Rule 68, as amended, we are stating the following information that related to the preceding fiscal year December 31, 2024, to wit:

Documents/ Schedules to the Audited Financial Statements as of December 31, 2024	NSPO Forms	Check if applicable
1. Affidavit of Willingness to be Audited by the Commission	NSPO Form-2	✓
2. Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations	NSPO Form-3	✓
3. Schedule of Contributions and Donations	NSPO Form-4	✓
4. Schedule of Application of Funds	NSPO Form-5	
5. Certificate of Existence of Program/Activity (COEP)		
6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities		

We hereby certify that this Sworn Statement with duly attached documents/schedules is executed to attest to the truth of the foregoing and for whatever legal purpose it may serve.

In witness thereof, we have hereunto affixed our signature this MAR 2 7 2025 day of ________, at MAKATI CITY, Philippines.

ALICE Z. CORDERO
President/ CEO

FLORENCIA G. TARRIELA
Treasurer

Subscribed and sworn to before me, a Notary Public for and in MAKATI CITY City, on MAR 2 7 2025 affiants personally, exhibiting their respective competent evidence of Identification Card ______ issued at ______ issued on ______.
OSCA ID NO. 99100

NOTARY PUBLIC
Doc. No. 24
Page No. 5
Book No. CCCLXXXVI
Series of 2025

ATTY. JUAN ... O DAVID R. TABLANG
Notary Public of Makati City
Commission No. M-113 until December 31, 2026
PTR No. 10466160; 1/02/2025 / Makati City
IBP No. 510068; 11/19/2024/ Makati City
Roll of Attorney: 42002
MCLE Compliance No. VII-0008035
2016 Magsaysay St.,
Brgy. Guadalupe Nuevo, Makati City

REPUBLIC OF THE PHILIPPINES
MAKATI CITY

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **Alice Z. Cordero**, of legal age, Filipino citizen, with office address at **3F TSPI Building, 2363 Antipolo City, Guadalupe Nuevo, Makati City**, after having been sworn to in accordance with law hereby depose and state:

I am the President/ CEO of **TSPI Mutual Benefit Association, Inc.**, a non-stock non-profit organization registered with the Securities and Exchange Commission.

That I, as authorized by the Board of Directors of the corporation, hereby manifest its willingness to be audited by the Commission upon its Order and Authority for the purpose of determining compliance of the corporation with existing laws and regulations.

That this affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

In witness whereof, I hereby sign this affidavit this MAR 27 2025 day of ________ 20___ at MAKATI CITY.

Alice Z. Cordero
ALICE Z. CORDERO
Affiant
(Signature over printed name)

SUBSCRIBED AND SWORN to before me this MAR 27 2025, affiant exhibiting to me his OSCA ID NO. 99100 issued on ____________ at ____________ as competent evidence of identity.

Doc. No. 23;
Page No. 5;
Book No. CCCLXXXVI
Series of 2025
(Use separate sheet if necessary)

ATTY. JUAN ... DAVID R. TABLANG
Notary Public of Makati City
Commission No. M-113 until December 31, 2026
PTR No. 10466160; 1/02/2025 / Makati City
IBP No. 510068; 11/19/2024/ Makati City
Roll of Attorney: 42002
MCLE Compliance No. VII-0008035
2016 Magsaysay St.,
Brgy. Guadalupe Nuevo, Makati City

NSPO Form-3

SCHEDULE OF RECEIPTS OR INCOME OR SOURCES OF FUNDS OTHER THAN CONTRIBUTIONS AND DONATIONS

Name of Foundation/ Organization
TSPI Mutual Benefit Association, Inc.
For the Year Ended
December 31, 2024

SEC Registration No.
200508617

Receipts or Income or Sources of Funds				
(a) No.	(b) Description of Income	(c) Source	(d) Amount (indicate by footnote if other than Philippine currency, then translate in this column)	(e) Date received/ Period covered
1	Membership Fees	Membership Contributions	P107,763,425	January 01 to December 31, 2024
2	Dividends Income	Dividends from Equity Investments	P7,934,224	January 01 to December 31, 2024
3	Interest Collected	Various investments in government and corporate securities	P52,296,627	January 01 to December 31, 2024
4	Others (aggregate of all sources of income which are individually below P100,000)	Gain on Sale of Investment	P306.895	January 01 to December 31, 2024

NSPO Form-4

SCHEDULE OF CONTRIBUTIONS AND DONATIONS

Name of Foundation/ Organization
TSPI Mutual Benefit Association, Inc.
For the Year Ended
December 31, 2024

SEC Registration No.
200508617

Part I Contributors/Donors

There were no donations and contributions made under contributors/donors for the year ended December 31, 2024.

(a) No.	(b) Name and address	(c) Nationality	(d) Total Contribution	(e) Type of Contribution
1				Cash Noncash (Complete Part II if there is a noncash contribution)
2				Cash Noncash (Complete Part II if there is a noncash contribution)
3				Cash Noncash (Complete Part II if there is a noncash contribution)
4				Cash Noncash (Complete Part II if there is a noncash contribution)
5				Cash Noncash (Complete Part II if there is a noncash contribution)
6				Cash Noncash (Complete Part II if there is a noncash contribution)
7				Cash Noncash (Complete Part II if there is a noncash contribution)
8				Cash Noncash (Complete Part II if there is a noncash contribution)

Part II Noncash Property

(a) No.	(b) Description of noncash property given	(d) Fair market Value (or estimate)	(e) Date Received
1	There were no donations and contributions made under noncash contributions for the year ended December 31, 2024.		
2			
3			
4			
5			
6			

NSPO Form-5

SCHEDULE OF APPLICATION OF FUNDS

Name of Organization: **TSPI Mutual Benefit Association, Inc.**

SEC Registration No.: **CN200508617**

For the Year Ended December 31, 2024

(a) Item Number	(b) Description of Programs/Projects/Activities	(c) Status	(d) Project Officer-in-charge
1	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	___Accomplished ___On-going ___Planned	Name: Address: Contact Number:
2	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	___Accomplished ___On-going ___Planned	Name: Address: Contact Number:
3	Name c Comple **NOT APPLICABLE** Contact Number of Project Office:	mplished oing ___Planned	Name: Address: Contact Number:
4	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	___Accomplished ___On-going ___Planned	Name: Address: Contact Number:
5	Name of Program/Project/Activity: Complete Office Address: Contact Number of Project Office:	___Accomplished ___On-going ___Planned	Name: Address: Contact Number:

(Use separate sheet if necessary)

NSPO Form-6

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY

CERTIFICATION

I, **ALICE Z. CORDERO**, of legal age, single/married, Filipino citizen, with office address at **3F TSPI Building, 2363 Antipolo City, Guadalupe Nuevo, Makati City**, after having been sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected President of **TSPI Mutual Benefit Association, Inc.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at **3F TSPI Building, 2363 Antipolo St., Guadalupe Nuevo, Makati City**.

2. The Association has not received any funds from any Philippine government agency or any department, bureau of office of the national government, or any of its branches and instrumentalities, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government, nor received donations/grants/contributions in the amount of at least Five Hundred Thousand Pesos (Php500,000) in one or aggregate transactions per donor/grantor/contributor; and

3. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Foundation, its duly elected Trustees and /or corporate officers.

IN WITHNESS WHEREOF, I have hereunto signed this Certification this MAR 28 2025 day of _____ at the City of Makati.

ALICE Z. CORDERO
PRESIDENT/CEO

SUBSCRIBED AND SWORN to before me this MAR 28 2025, the affiant having exhibited to me his/her driver's license ID as competent proof of his identity.
no. N02-95-24381

Doc. No. 40;
Page No. 8;
Book No. CCLXXXVI
Series of 2025.

ATTY. JUANCHO DAVID R. TABLANG
Notary Public of Makati City
Commission No. M-113 until December 31, 2026
PTR No. 10466160; 1/02/2025 / Makati City
IBP No. 510068; 11/19/2024/ Makati City
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