

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 1 2 2 3 0 8 6

COMPANY NAME

P A G A S A N G P I N O Y 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 t - f o r - P r o f i t A s s o c i a t i o n)

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

U n i t s 5 I & 5 J , 5 t h F l o o r J e n k i n
s e n T o w e r , 8 0 T i m o g A v e n u e , S a
c r e d H e a r t Q u e z o n C i t y

Form Type

A A F S

Department requiring the report

Secondary License Type, If
Applicable

COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

8-370-3880

Mobile Number

N/A

No. of Stockholders

N/A

Annual Meeting (Month / Day)

May 13

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Genaro L. Kong

Email Address

cfo@asa-international.com.ph

Telephone Number/s

370-3880

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

Unit 5I-J, 5th Floor Jenkinsen Tower, #80 Timog Avenue, Sacred Heart Quezon City

NOTE1 : 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 of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.





**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURNS**

The management of **PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.** is responsible for all information and representation contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representation contained in the financial statements accompanying the Annual Income Tax Return or Annual Information Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any all other tax returns.

In this regard, the management affirms that the attached audited financial statements as of and for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of **PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.**, complete and correct in all material respects. Management likewise affirms that:

- a) The Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) Any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and
- c) **PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.** has filed all applicable tax returns, reports and statement required to be filed under Philippine tax Laws for the reporting period, and all other taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Genaro L. Kong
President


Eufrecina De Jesus
Treasurer

Signed this 15th day of May 2025



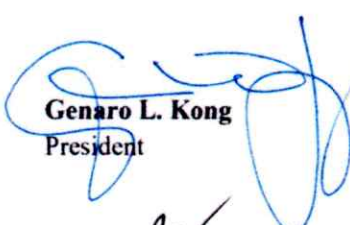


**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees (BOT) reviews and approves the financial statements and submits the same to the members.

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the BOT for the period December 31, 2024 and 2023, have examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in their reports to the members have expressed their opinion on the fairness of presentation upon completion of such examination.


Genaro L. Kong
President


Eufrecina De Jesus
Treasurer

Signed this 15th day of May 2025



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
PagASA ng Pinoy Mutual Benefit Association, Inc.
Unit 5I & J, 5th Floor, Jenkinsen Tower
80 Timog Avenue, Sacred Heart, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PagASA ng Pinoy Mutual Benefit Association, Inc. (the “Association”) (a nonstock, not-for-profit association), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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.

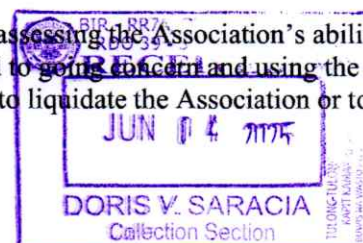
Basis for Opinion

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 audit.



Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 22 to the financial statements, is presented for the purpose of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of PagASA ng Pinoy Mutual Benefit Association, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Janeth T. Nuñez-Javier
Janeth T. Nuñez-Javier

Partner

CPA Certificate No. 111092

Tax Identification No. 900-322-673

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

BIR Accreditation No. 08-001998-069-2023, October 23, 2023, valid until October 22, 2026

PTR No. 10465353, January 2, 2025, Makati City

May 15, 2025



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2024	2023
ASSETS		
Cash and cash equivalents (Notes 5 and 20)	₱788,147,726	₱653,084,590
Short-term investments (Note 6)	10,965,513	10,854,856
Financial assets at fair value through profit or loss (Note 6)	47,185,794	31,481,652
Loans and receivables (Note 6)	8,926,422	6,056,297
Held-to-maturity investments (Note 6)	92,868,040	79,317,285
Property and equipment (Note 7)	11,960,594	15,008,830
Intangible asset - net (Note 8)	248,625	360,750
Other assets	-	14,190
Total Assets	₱960,302,714	₱796,178,450

LIABILITIES AND FUND BALANCE

Liabilities

Insurance contract liabilities (Note 9)	₱485,174,052	₱429,047,950
Retirement savings fund (Note 11)	230,562,131	204,889,680
Accounts payable and accrued expenses (Notes 10 and 18)	59,633,787	23,478,861
Total Liabilities	775,369,970	657,416,491

Fund Balance

Appropriated fund balance (Note 20)	92,868,040	79,317,285
Unappropriated fund balance	92,064,704	59,444,674
Total Fund Balance	184,932,744	138,761,959
	₱960,302,714	₱796,178,450

See accompanying Notes to Financial Statements.



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2024	2023
REVENUE		
Premiums on insurance contracts (Note 12)	₱423,577,202	₱349,710,907
Membership fees	29,861,751	24,108,144
	453,438,953	373,819,051
BENEFITS, CLAIMS AND EXPENSES		
Gross insurance contract benefits and claims paid (Note 16)	205,846,816	165,355,663
Increase in insurance contract liabilities (Note 9)	56,126,102	45,367,655
Commission fees (Note 15)	58,832,923	44,680,492
	320,805,841	255,403,809
	132,633,112	118,415,242
OTHER INCOME		
Interest income (Note 13)	16,189,639	11,844,533
Other income (Note 14)	1,666,106	851,467
	17,855,745	12,696,000
OPERATING EXPENSE		
General and administrative expenses (Note 17)	99,368,015	78,740,761
Interest expense (Notes 10 and 11)	2,573,986	2,207,160
	101,942,001	80,947,921
INCOME BEFORE TAX	48,546,856	50,163,321
PROVISION FOR FINAL TAX (Note 19)	2,376,071	1,517,603
TOTAL COMPREHENSIVE INCOME*	₱46,170,785	₱48,645,718

*The Association has no other comprehensive income items in 2024 and 2023.

See accompanying Notes to Financial Statements.



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF CHANGES IN FUND BALANCE

	Appropriated Fund Balance (Note 20)	Unappropriated Fund Balance	Total
At January 1, 2024	₱79,317,285	₱59,444,674	₱138,761,959
Transfer from appropriated fund balance	(79,317,285)	79,317,285	—
Transfer from unappropriated fund balance	92,868,040	(92,868,040)	—
Excess of revenue over expenses	—	46,170,785	46,170,785
At December 31, 2024	₱92,868,040	₱92,064,704	₱184,932,744
At January 1, 2023	₱—	₱90,116,241	₱90,116,241
Transfer from unappropriated fund balance	79,317,285	(79,317,285)	—
Excess of revenue over expenses	—	48,645,718	48,645,718
At December 31, 2023	₱79,317,285	₱59,444,674	₱138,761,959

See accompanying Notes to Financial Statements.



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱48,546,856	₱50,163,321
Adjustments for:		
Provision for probable losses (Note 17)	11,838,039	14,202,190
Interest expense (Notes 10 and 11)	2,573,986	2,207,160
Depreciation and amortization (Note 17)	1,148,946	1,000,499
Bad debts written off (Notes 6 and 17)	901,459	758,902
Interest income (Note 13)	(16,189,639)	(11,844,533)
Net fair value gain on financial assets at FVPL (Notes 6 and 14)	(778,959)	(793,796)
Gain on sale of property	(554,984)	-
Gain on sale of financial asset at FVPL	(332,161)	(33,059)
Cash generated from operations before changes in working capital	47,153,543	55,660,684
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(6,463,978)	(5,352,095)
Other assets	14,190	53,499
Increase (decrease) in:		
Insurance contract liabilities	56,126,102	45,367,655
Accounts payable and accrued expenses	23,942,336	(16,161,383)
Retirement savings fund	23,473,016	20,131,473
Net cash generated from operations	144,245,209	99,699,832
Interest received	16,188,674	11,843,883
Final taxes paid (Note 19)	(2,376,071)	(1,517,603)
Net cash flows provided by operating activities	158,057,812	110,026,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Held-to-maturity investments (Note 6)	(90,968,055)	(76,586,423)
Financial assets at FVPL (Note 6)	(25,000,000)	(20,000,000)
Property and equipment and intangible assets (Note 7)	(433,601)	(12,428,767)
Proceeds from sale/maturities/termination of:		
Held-to-maturity investments (Note 6)	80,000,000	12,234,666
Financial assets at FVPL (Note 6)	10,406,980	1,596,239
Property and equipment (Note 7)	3,000,000	-
Net cash flows used in investing activities	(22,994,676)	(95,184,284)
NET INCREASE IN CASH AND CASH EQUIVALENTS	135,063,137	14,841,828
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	653,084,590	638,242,762
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱788,147,726	₱653,084,590

See accompanying Notes to Financial Statements.



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.

(A Nonstock, Not-for-Profit Association)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

PagASA ng Pinoy Mutual Benefit Association, Inc. (the Association) was registered with the Securities and Exchange Commission (SEC) as a nonstock, not-for-profit association on December 28, 2012. It was granted a license by the Insurance Commission (IC) on May 22, 2013 to engage as a mutual benefit association that extends benefits and services for the welfare and financial security of its members and their families in the form of death benefits, sickness benefits, retirement savings and loan redemption assistance and ensuring continued access to benefits and resources until December 31, 2027. The Association actively involves the members in the direct management of the Association including the implementation of policies and procedures geared towards sustainability and improved services.

As a nonstock, not-for-profit mutual benefit association, the Association qualifies for tax exemption with respect to income and value-added taxes as provided under the National Internal Revenue Code of 1997, as amended by Republic Act 8424 known as the Comprehensive Tax Reform Program by the Bureau of Internal Revenue.

The registered office address of the Association is Unit 5I&J, 5th Floor, Jenkinsen Tower, 80 Timog Avenue, Sacred Heart, Quezon City.

The accompanying financial statements of the Association were approved and authorized for issue by the Board of Trustees (BOT) on May 15, 2025.

2. Basis of Preparation and Statement of Compliance, and Changes in Accounting Policies and Disclosures

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is the Association's functional and presentation currency. All amounts are rounded to the nearest peso, unless otherwise indicated.

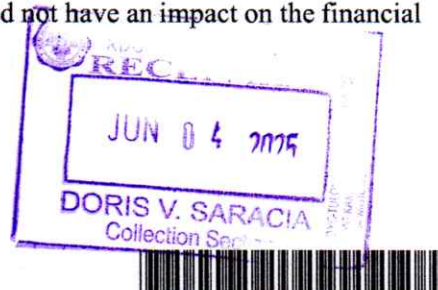
Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Association has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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



- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:
 - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

New standards and interpretations that have been issued but are not yet effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Association does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements.

The Association intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
 - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
 - Amendments to PFRS 7, *Gain or Loss on Derecognition*
 - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
 - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
 - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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



3. Summary of Material Accounting Policy Information

Cash and Cash Equivalents

Cash includes cash on hand and in banks and is stated at face amount. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less and that are subject to an insignificant risk of changes in value.

Short-term Investments

Short-term investments are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of more than three months but less than one year from dates of placement. These earn interests at the respective short-term investment rates.

Financial Instruments

Date of recognition

Financial instruments are recognized in the statement of financial position when the Association becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Association classifies its financial assets in the following categories: held-to-maturity (HTM) investments, FVPL investments, short-term investments and loans and receivables. The Association classifies its financial liabilities into other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to by the Association. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value hierarchy

The Association uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:



- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets at FVPL

Financial assets at FVPL are designated at FVPL on initial recognition of the instruments. The Association designates a financial instrument as at FVPL on the basis that it is part of the group of financial instruments that is managed, and its performance is evaluated on a fair value basis. The new instruments that will become part of the group should also be designated at FVPL. The financial asset at FVPL shall be included in this category from when it is first recognized until it is derecognized. Any changes in value of financial assets at FVPL are reported in the statement of income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets held for trading, nor designated as AFS or at FVPL. This accounting policy relates to the statement of financial position captions: "Cash and cash equivalents", "Short-term investments" and "Loans and Receivables."

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral part of the effective interest rate. The amortization is included as part of interest income in profit or loss. The losses arising from impairment of such loans and receivables are charged to current operations.

HTM investments

HTM investments are non-derivative financial assets that comprise fixed or determinable income securities of which the Association has the positive intention and ability to hold until maturity. Investments intended to be held for an undefined period are not included in this classification. These investments are initially recognized at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. Subsequent to initial recognition, these investments are carried at amortized cost, using the effective interest rate (EIR) method. The cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the EIR method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the EIR, transaction costs and all other premiums and discounts. Gains and losses are recognized in the profit or loss when the investments are derecognized or impaired, as well as through the amortization process. These investments represent debt securities where the Association has the positive intent and financial capability to hold to maturity.

Other financial liabilities

Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities 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 satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.



The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR 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.

This accounting policy applies primarily to the Association's "Accounts payable and accrued expenses", "Retirement savings fund" and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as insurance contract liabilities and income tax payable).

Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities due presented gross in the statement of financial position.

Impairment of Financial Assets

An assessment is made at each reporting date as to whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statement of income.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset shall be reduced through use of an allowance account.

The amount of the loss shall be recognized in the statement of income.

The Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually 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. 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, 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 the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Financial assets

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 have expired;



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

Where the Association has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Association's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Association could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Association's statement of income.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property and equipment comprises its purchase price, including taxes and directly attributable cost to bring the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance are normally charged to income in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

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

	Years
Building improvements	20
Computer and office equipment	5
Transportation equipment	5
Office furniture and fixtures	5

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made with respect to these assets.

The useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.



The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, an impairment loss is recognized in the statement of income.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is computed using the straight-line method over the estimated useful lives (EUL) of five (5) years.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible assets.

Impairment of Nonfinancial Assets

The Association assesses at each end of the reporting period whether there is an indication that property and equipment and intangible assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Association makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Fund Balance

Fund balance represents accumulated net income of the Association.



Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred or the services have been rendered to the customer, the amount of revenue can be measured reliably, and it is probable that the economic benefits will flow to the Association. The Association assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Association concluded that it is acting as principal in all of its arrangements. Revenue is measured at the fair value of the consideration received, or receivable.

Membership fee

Membership fee pertains to the initial amount received to qualify as member of the Association in which the member is given the privilege to avail the products and services of the Association. It is recognized as earned when collected.

Other income

Income from other sources is recognized when earned. This includes income from activities other than normal business operations such as penalties and other bank credits.

Premiums on insurance contracts

Basic Life Insurance Plan

Premiums on Basic Life Insurance Plan (BLIP) are recognized as earned when collected and on the issue date which coincides with the effective date of the insurance policies. When premiums are recognized, actuarial liabilities are computed, with the result that benefits and expenses are matched with such revenue.

An equity value equal to fifty percent (50%) of total gross contributions paid for BLIP is recognized as liability when premiums are recognized. Annual 1% interest is also credited thereon when a member reaches one (1) year.

Credit Life Insurance Plan and Hospital Care Assistance

Premiums on Credit Life Insurance Plan (CLIP) and Hospital Care Assistance (HCA) are recognized on the issue date which coincides with the effective date of the insurance policies, and are recognized as revenue over the period of the contracts.

Interest income

Interest income pertains to the interest earned on the Association's bank accounts during the specific period. The amount of interest may have been paid in cash, or it may have been accrued as having been earned but not yet collected.

Insurance Contract Liabilities

BLIP

Basic life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each operation.

CLIP

CLIP liabilities pertain to the proportion of written premiums, gross of commissions payable, attributable to subsequent periods that have not yet expired. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts.



The portion of the premiums written that relate to the unexpired periods of the policies at the reporting date are accounted for as provision for unearned premiums and presented as part of "Insurance contract liabilities" in statement of financial position. The change in the provision for unearned premiums is taken to profit or loss in the order that revenue is recognized over the period of risk.

Retirement Savings Fund

Retirement savings fund represents contributions of members of the Association to the provident fund of ₱130 every 6 months and earn interest at 1% per annum. This is recognized as liability when collected.

Claim Costs

Liabilities for unpaid claim costs and loss adjustment expenses relating to insurance contracts are accrued when insured events occur. The liabilities for unpaid claims, including those for incurred but not reported losses, are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period when the estimates are changed or payments are made.

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity.

Benefits and claims

Life insurance claims reflect the cost of all claims arising during the year, including claims handling costs. Death claims and surrenders are recorded on the basis of notifications received. Benefits recorded are then accrued as liabilities.

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. Internal costs include all direct expenses of the claims department and any part of the general and administrative expenses directly attributable to the claims function.

Commission fees

Commission fees consist of admission fees and commission fees charged to the Association by PagASA Philippines Finance Corp. (PPFC) and PagASA ng Masang Pinoy Microfinance Inc. (PMPMI) in exchange for collecting contributions from members by its collecting institutions.

Admission fees and commission fees from BLIP, CLIP and HCA are recognized as expense when premiums and contributions are collected.

General and administrative expenses

These consist of costs of administering the business. These are recognized as expenses as incurred.

Provisions

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event; 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.



Contingent Liabilities and Contingent Assets

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

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards require the Association to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Product classification

The Association has determined that the insurance policies it issues have significant insurance risk and therefore meet the definition of an insurance contract and should be accounted for as such.

Classification of HTM investments

The Association classifies non-derivative financial assets with fixed or determinable payments and fixed maturities as HTM investments. This classification requires significant judgment. In making this judgment, the Association evaluates its intention and ability to hold such investments to maturity. If the Association fails to keep these investments to maturity other than in certain specific circumstances, the Association will be required to reclassify the entire portfolio as AFS financial assets and to measure these at fair value. The Association has outstanding HTM investments amounting to ₱92,868,040 and ₱79,317,285 as of December 31, 2024 and 2023, respectively (see Note 6).

Classification of FVPL investments

The Association classifies its single premium variable unit-linked insurance contracts covering its key officers as FVPL investments. In making this judgment, the Association evaluates whether the insurance contract meets the definition of an FVPL investment which could either be a financial asset classified as held for trading or a financial asset which is designated at initial recognition by the Association as fair value through profit or loss. The Association has outstanding FVPL investments amounting to ₱47,185,794 and ₱31,481,652 as of December 31, 2024 and 2023, respectively (see Note 6).

Estimates

Impairment of nonfinancial assets

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

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and



- significant negative industry or economic trends.

The Association recognizes an impairment loss whenever the carrying amount of the asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The related balances of the Association's nonfinancial assets for "Property and equipment" amounted to ₱11,960,594 and ₱15,008,830 as of December 31, 2024 and 2023, respectively.

Provision for insurance contract liabilities

The estimation of ultimate liability arising from claims made under life insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Previous experience and trends are fundamentally considered in determining the liability. In determining the provision for reserves, estimates are made as to the expected number of deaths, illness or injury for each of the years in which the Association is exposed to risk. The estimated number of deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. Refer to Note 9 for the key assumptions used in the estimation of provision for reserves.

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	₱49,529	₱49,529
Cash in banks	462,334,999	438,303,696
Cash equivalents	325,763,198	214,731,365
	₱788,147,726	₱653,084,590

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents represent short-term investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Association. Cash equivalents earn interest at annual rates ranging from 1.72% to 5.5% and 1.72% to 5.25% in 2024 and 2023, respectively.

The deposit accounts, including cash equivalents of the Association, earned interest amounting to ₱13,201,198 and ₱8,583,782 in 2024 and 2023, respectively (see Note 13).

6. Financial Assets

The Association's financial assets are summarized by measurement categories as follow:

	2024	2023
Short-term investments	₱10,965,513	₱10,854,856
Financial assets at FVPL	47,185,794	31,481,652
Loans and receivables	8,926,422	6,056,297
Held-to-maturity investments (Note 20)	92,868,040	79,317,285
	₱159,945,768	₱127,710,090



The assets included in each of the categories above are detailed below:

a) *Short term investments*

The short-term investments of the Association pertain to the time deposits with terms of more than three (3) months but less than one (1) year.

Short-term investments earn annual interest at rates ranging from 0.25% to 0.75% in 2024 and 2023. Interest income earned and accrued from these investments amounted to ₱212,001 and ₱153,198 in 2024 and 2023, respectively (see Note 13).

b) *Financial assets at FVPL*

The financial assets at FVPL arose from the following parties:

	2024	2023
BPIIMI	₱25,689,743	₱10,074,819
Petron Corporation	20,092,000	20,000,000
Insular Life	1,404,051	1,406,833
	₱47,185,794	₱31,481,652

BPIIMI

The Association has investment in mutual fund being managed by BPI Investment Management, Inc. (BPIIMI) totaling to ₱25,000,000 and ₱10,000,000 as of December 31, 2024 and 2023, respectively.

On March 12, 2024, the Association has terminated its ₱10,000,000 investment with a fair value of ₱10,074,819 as of December 31, 2023 and received a consideration amounting to ₱10,406,980, its fair value at the time of sale. The Association recorded an investment gain of ₱332,161 in the said termination.

The fair value of the investment with BPIIMI amounted to ₱25,689,743 and ₱10,074,819 as of December 31, 2024 and 2023, respectively. The Association has recorded fair value investment gain of ₱689,743 and ₱801,885 in 2024 and 2023, respectively (see Note 14).

The rollforward of the above investments follow:

	2024	2023
Beginning balance	₱10,074,819	₱9,272,934
Additions	25,000,000	—
Disposals	(10,074,819)	—
Fair value gain on financial assets at FVPL (Note 14)	689,743	801,885
Ending balance	₱25,689,743	₱10,074,819

Petron Corporation

On July 7, 2023, the Association acquired 20,000 Philippine Peso-Denominated Perpetual Preferred Shares of Petron Corporation with a par value of ₱1,000 per share amounting to ₱20,000,000.



The rollforward of the above investments follow:

	2024	2023
Beginning balance	₱20,000,000	₱20,000,000
Addition	—	—
Disposal	—	—
Fair value gain on financial assets at FVPL (Note 14)	92,000	—
Ending balance	₱20,092,000	₱20,000,000

Insular Life

On May 25, 2017, the Association obtained variable returns asset insurance plan, in a form of equity fund, from Insular Life Assurance Co. Inc. (Insular Life) covering its key officers as the designated beneficiary under the contract. The premium paid amounted to ₱5,000,000. On May 21, 2021, the Association paid additional premiums amounting to ₱1,000,000. However, on March 4, 2022, the Association made partial termination of the equity fund amounting to ₱4,000,000.

In 2022, the Association obtained another variable returns asset insurance plan from Insular Life covering its key officers as the designated beneficiary under the contract amounting to ₱4,500,000. On February 22, 2023, the Association terminated this account and received a consideration of ₱1,596,239. The Association has recorded investment gain of ₱33,059 in 2023 from termination of the said investment.

The fair market value of the equity fund amounted to ₱1,404,051 and ₱1,406,833 as of December 31, 2024 and 2023, respectively. The Association has recorded fair value investment losses of ₱2,782 and loss of ₱8,089 in 2024 and 2023, respectively (see Note 14). The fair value changes are brought about by changes in the Net Asset Value per unit (NAVPU) of the equity fund purchased by the Association from Insular Life.

The rollforward of the above investments follow:

	2024	2023
Beginning balance	₱1,406,833	₱2,978,102
Addition	—	—
Termination	—	(1,563,180)
Fair value loss on financial assets at FVPL (Note 14)	(2,782)	(8,089)
Ending balance	₱1,404,051	₱1,406,833

c) Loans and receivables

This account consists of:

	2024	2023
Due from related parties (Note 18)	₱3,809,537	₱796,196
Advances to employees	2,829,883	3,807,210
Accrued interest income	73,679	72,713
Other receivables	2,213,323	1,380,178
	₱8,926,422	₱6,056,297



Due from related parties include receivables from PPFC and PMPMI which pertain to premium collections from the Association's members for the basic life insurance products, credit life insurance product, retirement savings fund, benefit claims and expense reimbursements. These are on 1- to 30-day terms and are non-interest-bearing.

Advances to employees represent advances for the business expenses of the Association subject to liquidation. The Association had directly written-off advances to employees amounting to ₱901,459 and ₱677,510 in 2024 and 2023, respectively, which was recognized in "Bad debts" under General and administrative expenses (see Note 17).

Accrued interest income represents interest earned by the Association from its short-term investments.

Other receivables consist of the motorcycle loan, employee salary loan and laptop loan and employee phone plans of officers and employees. These are non-interest bearing except for salary loan which earns interest of 6% semi-annually, with payment terms up to 24 months. The Association had directly written-off receivable amounting to ₱81,392, which was recognized in "Bad debts" under General and administrative expenses, representing long outstanding and uncollectible accounts from resigned employees in 2023 (see Note 17).

Interest income on other receivables amounted to ₱193,739 and ₱111,191 in 2024 and 2023, respectively (see Note 13).

As of December 31, 2024 and 2023, there was no allowance for impairment loss recognized on loans and receivables.

d) *Held-to-maturity investments*

The held-to-maturity investments are composed of corporate bonds and treasury bills. The rollforward analysis of this account follow:

	2024	2023
Beginning balance	₱79,317,285	₱12,234,666
Additions	90,968,055	76,586,423
Maturities	(80,000,000)	(12,234,666)
Amortization of discount	2,582,701	2,730,862
Ending balance	₱92,868,040	₱79,317,285

Corporate bonds

On March 31, 2021, the Association acquired fixed-interest HTM investment from Rizal Commercial Banking Corp. with a face value of ₱12,000,000. The investment has 3.20% gross annual interest rate. This investment has 2.5 years tenure and matured last September 30, 2023.

Treasury bills

On March 15, 2023, Association acquired zero-coupon HTM investment from Banco De Oro with a face amount of ₱80,000,000 at a discounted price of ₱76,586,423. This investment has a 365-day tenure and matured on March 15, 2024. The fair value of the treasury bills amounted to ₱79,341,789 as of December 31, 2023.

On June 20, 2024, the Association acquired zero-coupon HTM investment from Banco De Oro with a face amount of ₱95,000,000 at a discounted price of ₱90,868,055. This investment has a 365-day tenure and with maturity date on May 28, 2025. The fair value of the treasury bills amounted to ₱93,123,793 as of December 31, 2024.



The Association assigned the ₱95,000,000 and ₱80,000,000 HTM investment as guaranty fund as of December 31, 2024 and 2023, respectively, as security for the benefit of policyholders and creditors of the Association in accordance with the provisions of the Insurance Code (see Note 20). The guaranty fund is presented as “Appropriated fund balance” in the statements of financial position.

Interest from these investments, which includes amortization of discount, amounted to ₱2,582,701 and ₱2,996,362 in 2024 and 2023, respectively (see Note 13).

7. Property and Equipment

The rollforward analysis of this account follows:

2024

	Computer and Office Equipment	Office Furniture and Fixtures	Transportation Equipment	Building Improvements	Total
Cost					
At January 1	₱3,179,539	₱1,115,321	₱1,291,000	₱16,968,515	₱22,554,375
Additions	365,209	68,392	—	—	433,601
Disposal	—	—	—	(4,033,049)	(4,033,049)
At December 31	3,544,748	1,183,713	1,291,000	12,935,466	18,954,927
Accumulated Depreciation					
At January 1	2,961,497	961,921	1,291,000	2,331,128	7,545,545
Depreciation (Note 17)	71,112	41,663	—	924,045	1,036,821
Disposal	—	—	—	(1,588,033)	(1,588,033)
At December 31	3,032,609	1,003,584	1,291,000	1,667,140	6,994,333
Net Book Value	₱512,139	₱180,129	₱—	₱11,268,325	₱11,960,594

2023

	Computer and Office Equipment	Office Furniture and Fixtures	Transportation Equipment	Building Improvements	Total
Cost					
At January 1	₱2,935,931	₱945,628	₱1,291,000	₱4,953,049	₱10,125,608
Additions	243,608	169,693	—	12,015,466	12,428,767
At December 31	3,179,539	1,115,321	1,291,000	16,968,515	22,554,375
Accumulated Depreciation					
At January 1	2,762,617	945,628	1,291,000	1,657,928	6,657,171
Depreciation (Note 17)	198,880	16,293	—	673,201	888,374
At December 31	2,961,497	961,921	1,291,000	2,331,128	7,545,545
Net Book Value	₱218,042	₱153,401	₱—	₱14,637,387	₱15,008,830

On April 15, 2024, the Association sold its former one-unit office space amounting to ₱3,000,000 to Pagasa Philippines Finance Corp, and recognized gain on sale of the property amounting to ₱554,984.

On May 9, 2023, the Association bought a two-unit condominium spaces amounting to ₱12,000,000. This was converted to and made principal office of the Association.

As of December 31, 2024 and 2023, fully depreciated property and equipment totaling ₱5.33 million and ₱4.99 million, respectively, and are still being used by the Associations. Also, no property and equipment items are under pledge or used as collateral to secure obligations of the Association.



8. Intangible assets - net

Movements of this account follow:

	2024	2023
Cost		
At January 1 and December 31	₱612,720	₱612,720
Accumulated Amortization		
At January 1	251,970	139,845
Amortization	112,125	112,125
At December 31	364,095	251,970
Net Book Value	₱248,625	₱360,750

The Association's accounting system, MYOB with a cost of ₱27,720, is already fully amortized as of December 31, 2024 and 2023. However, the Association continues to use the said accounting system.

9. Insurance Contract Liabilities

This account consists of:

	2024	2023
Return of equity value	₱417,552,154	₱369,213,146
Basic life insurance plan	23,230,707	24,945,418
Claims payable	15,559,843	11,576,867
Unearned premium on hospital care assistance	17,950,022	15,836,525
Unearned premium on credit life insurance plan	10,881,324	7,475,993
	₱485,174,052	₱429,047,950

The liabilities included in each of the categories above are detailed below:

a) Return of Equity Value

Members' equity value represents the total amount of obligations set-up by the Association pertaining to the 50% equity value, as required by the Insurance Code. A member who withdraws membership from the Association shall be entitled to 50% of the life insurance contribution less any benefits already paid. Annual 1% interest is also credited thereon when a member reaches one (1) year. Reserve liabilities are set up for any future claims.

The details of the return of equity value are as follow:

	2024	2023
Cumulative gross premium collection (Note 12)	₱1,715,948,436	₱1,448,749,089
Members' equity interest at 50%	857,974,218	724,374,545
Equity value withdrawal	(469,935,018)	(380,089,644)
Interest credited at 1% per annum	29,512,954	24,928,245
Reserves for members' equity, with interest	₱417,552,154	₱369,213,146



The rollforward of Return of Equity Value follows:

	2024	2023
Balance at beginning of year	₱369,213,146	₱333,703,101
Arising (reversal) during the year		
Members' equity interest at 50%	133,599,674	113,486,948
Equity value withdrawal	(89,845,374)	(80,440,420)
Interest credited at 1% per annum	4,584,708	2,463,517
Balance at end of year	₱417,552,154	₱369,213,146

b) *BLIP reserve*

BLIP is a contract between the policy owner and the Association, where the Association agrees to pay a sum of money upon the occurrence of the insured's death. In return, the policy owner agrees to pay a stipulated amount at regular intervals. Benefits are given upon the death, accident or disability of a member or a dependent who paid a certain premium for a particular period of time.

Basic life insurance reserve pertains to total actuarial reserve set-up by the Association to the basic life benefit that is in force as at the end of the accounting period computed on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing in each life operation.

The rollforward of BLIP reserve follows:

	2024	2023
Balance at beginning of year	₱24,945,418	₱17,590,783
Arising (reversal) during the year	(1,714,711)	7,354,635
Balance at end of year	₱23,230,707	₱24,945,418

c) *Claims payable*

This account consists of claims payable on:

	2024	2023
Claims incurred but not yet reported	₱14,981,760	₱11,576,867
Claims in course of settlement	578,083	-
	₱15,559,843	₱11,576,867

The rollforward of claims payable follows:

	2024	2023
Balance at beginning of year	₱11,576,867	₱14,113,733
Claims incurred	299,675,166	82,378,376
Claims paid	(295,692,190)	(84,915,242)
Balance at end of year	₱15,559,843	₱11,576,867

Claims incurred but not yet reported pertain to deaths which occurred before December 31 but were reported after December 31, 2024 and 2023.



Claims in course of settlement refer to those claims which occurred before reporting date but have not yet been processed, settled or paid as of reporting date. These are claims that are already reported and under processing and validation of documentary requirements.

d) *CLIP reserve*

Credit life insurance reserves pertain to the proportion of written premiums attributable to subsequent periods or to risks that have not yet expired. Premiums from short-duration insurance contracts are recognized as revenue over the period of the contracts. The change in the credit life insurance reserves is taken to profit or loss in the order that revenue is recognized over the period of risk. The increase in credit life insurance reserves in the profit or loss amounted to ₱3,405,331 and of ₱1,742,151 in 2024 and 2023, respectively.

	2024	2023
Balance at beginning of year	₱7,475,993	₱5,733,842
Premiums written during the year (Note 12)	61,031,000	47,254,312
Premiums earned during the year	(57,625,669)	(45,512,161)
Balance at end of year	₱10,881,324	₱7,475,993

e) *Hospital Care Assistance (HCA) reserve*

The Hospitalization Care Assistance (HCA) program entitles a member for hospitalization coverage of maximum of ₱5,000 for six (6) months for a premium of ₱100 and ₱350 HCA premium regular and expanded respectively. This HCA reserve pertains to unexpired portion of hospitalization premium paid by members who availed for hospitalization insurance coverage.

Unearned hospitalization care premiums pertain to the proportion of written premiums related to subsequent periods that have not expired as of December 31, 2024 and 2023. HCA premiums are amortized over the period of 6-months covering the contract period for this product. The unearned premium on HCA amounted to ₱17,950,022 and ₱15,836,525 in 2024 and 2023, respectively.

	2024	2023
Balance at beginning of year	₱15,836,525	₱12,538,836
Premiums written during the year (Note 12)	95,346,855	75,482,700
Premiums earned during the year	(93,233,358)	(72,185,011)
Balance at end of year	₱17,950,022	₱15,836,525

10. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Accounts payable	₱18,045,957	₱19,552,579
Due to related parties (Note 18)	41,147,645	3,395,682
Accrued expenses	440,185	530,600
	₱59,633,787	₱23,478,861



The liabilities included in each of the categories above are detailed below:

a) *Accounts payable*

The accounts payable of the Association consist of:

	2024	2023
Provision for probable losses (Note 17)	₱11,838,039	₱14,359,589
Employee savings fund	4,625,712	3,953,656
Withholding taxes payable	939,503	870,741
Government payables	214,303	188,213
Other payables	428,400	180,379
	₱18,045,957	₱19,552,579

The Association recognized provision for possible tax assessments amounting to ₱11,682,879 and ₱14,359,589 in 2024 and 2023, respectively under "Provision for probable losses" in the "General and Administrative expenses" (see Note 17).

Employee savings fund refers to the guaranty fund and salary fund deposits of the Association for the cash deposits or savings of employees. Generally, the amount of ₱500 is deducted monthly from the employees' compensation. Salary fund deposit pertain to the amount equivalent to five (5) working days deducted upon the employee's first salary, which serves as a bond of the employee for the training fee paid by the Association. Employee savings fund of an employee are accumulated in the course of his or her employment and can be withdrawn only upon his or her resignation. The Association provides 8% interest per annum on the guarantee bond and salary fund deposit.

Interest expense from employee savings fund amounted to ₱374,551 and ₱287,809 in 2024 and 2023, respectively.

Withholding taxes payable represents documentary taxes from insurance policies, withheld from employees' compensation and withheld taxes from commission fees and purchases from suppliers which are subsequently remitted within one month after the reporting date.

Government payables refers to amounts due to Social Security System (SSS), PhilHealth and Pag-ibig fund, which were remitted the following month.

b) *Accrued expenses*

The accrued expenses of the Association pertain to the expenses already incurred but unpaid. This consists of accrual for professional fee and staff bonuses.

c) *Due to related parties*

Due to related parties pertain to payables to PPFC and PMPMI for commission fee, claims payment and other expenses paid by PPFC and PMPMI on behalf of the Association. Payables are on 1- to 30-day terms and are noninterest-bearing.



11. Retirement Savings Fund

The retirement savings fund represents contributions of members of the Association to the provident fund. It is being administered by the Association and is intended for the retirement of its members and it can be availed of at the age of 65. The contributions of ₱130 per 6 months are invested and the interest of 1% thereon is credited to the retirement savings fund. If a member decides to retire prior to age of 65, the member shall be entitled to an equity value equivalent to 100% of the member's total contributions plus the interest.

Rollforward of retirement savings fund follows:

	2024	2023
Balance at beginning of year	₱204,889,680	₱182,838,856
Additions/contributions	78,955,757	70,872,769
Withdrawals	(55,482,742)	(50,741,296)
Interest credit	2,199,436	1,919,351
Balance at end of year	₱230,562,131	₱204,889,680

Interest expense on retirement savings fund amounted to ₱2,199,436 and ₱1,919,351 in 2024 and 2023, respectively.

12. Premiums on insurance contracts

The gross premiums on insurance contracts consist of the following:

	2024	2023
Basic Life Insurance Plan (BLIP)	₱267,199,347	₱226,973,895
Credit Life Insurance Plan (CLIP)	61,031,000	47,254,312
Hospitalization care assistance premium	95,346,855	75,482,700
	₱423,577,202	₱349,710,907

Under the Association's basic life insurance program, members and its qualified dependents are entitled to receive a certain amount of benefit upon death or permanent disability duly approved by the Association after meeting certain conditions as stated in the certificate of membership issued to members.

Under the credit life insurance program, the beneficiary and its qualified dependents are entitled to the outstanding loan balance if the member-borrower dies before repaying the debt in full. Coverage of the program is for a period of six (6) months. In 2024 and 2023, the Association has collected premiums amounting to ₱61,031,000 and ₱47,254,312, respectively, from its members. Unexpired portion of the premiums amounted to ₱10,881,324 and ₱7,475,993 in 2024 and 2023, respectively (see Note 9).

Under the hospitalization care assistance program, for a premium of ₱100 or ₱350, a member and its dependents is qualified to receive a hospital allowance of ₱300 per day upon hospital confinement of at least 2 days up to a maximum benefit of ₱5,000. Coverage of the program is for a period of six (6) months. In 2024 and 2023, the Association has collected premiums amounting to ₱95,346,855 and ₱75,842,700, respectively, from its members. Unexpired portion of the premiums amounted to ₱17,950,022 and ₱15,836,525 in 2024 and 2023, respectively (see Note 9).



13. Interest Income

This account consists of interest income earned from:

	2024	2023
Cash and cash equivalents (Note 5)	₱13,201,198	₱8,583,782
Held-to-maturity investments (Note 6)	2,582,701	2,996,362
Short-term investments (Note 6)	212,001	153,198
Loans and receivables (Note 6)	193,739	111,191
	₱16,189,639	₱11,844,533

14. Other Income (Charges) - net

This account consists of income earned from:

	2024	2023
Net fair value gain on financial assets at FVPL (Note 6)	₱778,961	₱793,796
Gain on sale of property (Note 10)	554,984	-
Gain on sale of financial assets at FVPL (Note 6)	332,161	33,059
Miscellaneous income	-	24,612
	₱1,666,106	₱851,467

Miscellaneous income pertains to employee charges of employees from mobile penalties and sale of scrap materials, documents and empty ink cartridges.

15. Commission fees

Commission fees amounted to ₱59,824,256 and ₱44,680,492 in 2024 and 2023, respectively. In accordance with the contract service agreements with collecting institutions such as PPFC and PMPMI, the Association is charged commission fees for these institutions' services rendered in collecting the contribution of members in different locations.

Commission fee rates are as follows

Collection from	Commission fee rate
Admission Fee	75%
Credit life insurance plan	30%
Basic life insurance plan	5%
Hospitalization care assistance	5%

This account consists of commission fees from:

	2024	2023
Admission fees	₱22,396,313	₱18,081,108
Credit life insurance plan	18,309,300	14,176,294
Basic life insurance plan	13,359,967	11,348,695
Hospitalization care assistance	4,767,343	1,074,395
	₱58,832,923	₱44,680,492



16. Gross insurance contract benefits and claims paid

The Association paid insurance benefits and claims amounting to P205,846,816 and P165,578,591 in 2024 and 2023, respectively.

	2024	2023
Basic life insurance plan	P160,730,118	P135,460,109
Credit life insurance plan	18,566,748	15,785,869
Hospitalization care assistance premium	26,549,950	14,109,685
	P205,846,816	P165,355,663

17. General and administrative expenses

This account consists of:

	2024	2023
Transaction costs	P26,768,302	P18,249,030
Training and seminars	17,374,742	8,103,122
Salaries, wages and allowances (Note 18)	14,127,791	12,555,314
Provision for probable losses (Note 10)	11,838,039	14,202,190
Travel and transportation	10,281,667	8,469,601
Documentary stamp tax	3,816,781	3,115,312
Printing, stationery and supplies	2,986,726	1,959,350
Taxes and licenses	2,977,722	2,663,858
Professional fees	1,512,325	1,492,440
Annual general assembly	1,326,739	721,375
SSS, PhilHealth, and Pag-ibig contributions	1,296,320	1,166,409
Depreciation and amortization (Notes 7 and 8)	1,148,946	1,000,499
Bad debts (Note 6)	901,459	758,902
Representation and entertainment	652,245	2,235,622
Communication	593,775	544,639
Insurance expense	100,099	303,447
Repairs and maintenance	98,366	206,156
Others	1,565,974	993,497
	P99,368,015	P78,740,761

Transaction costs pertain to reimbursement of utilities expense, office supplies, communication expenses, photocopying expenses, transportation expenses, and miscellaneous expenses incurred by PPFC and PMPMI on behalf of the Association.

Other expenses includes supervision and license fees of the Association with the Insurance Commission, utilities, bank charges, notarial fees, penalty and surcharge fees..

18. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.



Due to and from related parties are on 1- to 30-day terms and will be settled through payment or collection of cash.

The significant transactions of the Association with related parties in the normal course of business are as follow:

2023

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Due from related parties				
Affiliates				
(1) Pagasa Philippines Finance Corporation Collection of premiums	₱2,645,134	₱3,425,831	On demand, non-interest bearing	Unsecured; no impairment
(2) PagASA ng Masang Pinoy Microfinance, Inc. Collection of premiums	368,207	383,706	On demand, non-interest bearing	Unsecured; no impairment
	₱3,013,341	₱3,809,537		
Due to related parties				
(1) Pagasa Philippines Finance Corporation Payment of claims and expenses	₱37,730,595	₱40,865,286	On demand, non-interest bearing	Unsecured
(2) PagASA ng Masang Pinoy Microfinance, Inc. Payment of claims and expenses	21,368	282,359	On demand, non-interest bearing	Unsecured
	₱37,751,963	₱41,147,645		

2023

Category	Amount/ Volume	Outstanding Balance	Terms	Conditions
Due from related parties				
Affiliates				
(1) Pagasa Philippines Finance Corporation Collection of premiums	(₱876,210)	₱780,697	On demand, non-interest bearing	Unsecured; no impairment
(2) PagASA ng Masang Pinoy Microfinance, Inc. Collection of premiums	(18,369)	15,499	On demand, non-interest bearing	Unsecured; no impairment
	(₱894,579)	₱796,196		
Due to related parties				
(1) Pagasa Philippines Finance Corporation Payment of claims and expenses	(₱1,357,587)	₱3,134,691	On demand, non-interest bearing	Unsecured
(2) PagASA ng Masang Pinoy Microfinance, Inc. Payment of claims and expenses	(62,386)	260,991	On demand, non-interest bearing	Unsecured
	(₱1,419,973)	₱3,395,682		

The Association, in addition to its regular conduct of business with PPFC and PMPMI, incurs transaction costs which arise from expenses incurred by PPFC and PMPMI on behalf of the Association (see Note 17).

Compensation of Key Management Personnel

Compensation of key management personnel pertains to short-term employee benefits of the General Manager and Financial Controller included in the "Salaries, wages and allowances" account. In 2024 and 2023, short-term employee benefits amounted to ₱2.54 million and ₱2.36 million, respectively



19. Provision for final tax

As a nonstock, not-for-profit organization, the Association's provision for income tax consists of final tax from interest income on cash and cash equivalents, short-term investments, HTM investments, and loans and receivables amounting to ₱2,376,071 and ₱1,517,603 in 2024 and 2023, respectively.

20. Management of Insurance and Financial Risks

Governance Framework

The Association has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall association and individual business unit levels.

The policies define the Association's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategies to the corporate goals and specify reporting requirements.

Regulatory Framework

Regulators are interested in protecting the rights of the members and maintain close vigil to ensure that the Association is satisfactorily managing affairs for the member's benefit. 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 risk levels 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., margin of solvency to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise, minimum guaranty fund, risk-based capital requirements).

Margin of solvency (MOS)

The Association is required to maintain at all times an MOS for life insurance business of ₱500,000 or ₱2.00 per thousand of the total amount of its insurance in force as of the preceding calendar year on all policies, except term insurance, whichever is higher.

The MOS shall be the excess of the value of its admitted assets (as defined under the IC Code), exclusive of its paid-up capital, over the amount of its liabilities, unearned premiums and reinsurance reserves. As of December 31, 2024 and 2023, the Association's MOS based on its calculations amounted to ₱174.00 million and ₱104.63 million, respectively. The final amount of the MOS can be determined only after the accounts of the Association have been examined by the IC specifically as to admitted and non-admitted assets as defined under the same Code.

On March 24, 2025, IC has verified 2023 Annual Statement submitted by the Association. The surplus available for MOS for the Association follows:

	2024 (Estimate)	2023 (Actual)
Admitted assets	₱949,031,348	₱762,370,434
Admitted liabilities	775,369,970	657,743,877
Net worth	₱173,661,378	₱104,626,557



As of December 31, 2024 and 2023, the non-admitted assets for 2024 and 2023 of the Association's life operations, as defined under the Code, which are included in the accompanying statements of financial position follows:

	2024 (Estimate)	2023 (Actual)
Cash and cash equivalent	P-	P11,701,127
Financial assets at FVPL	1,404,050	3,706,833
Held to maturity investments	-	1,876
Short-term investment	-	64,389
Loans and receivable	8,926,422	5,997,491
Property and equipment	940,893	12,322,111
Other assets	-	14,190
	P11,271,365	P33,808,016

If an insurance company failed to meet the minimum required MOS, the IC is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such Association until its authority is restored by the IC.

Guaranty Fund

As a mutual benefit association, the IC also requires the Association to possess a guaranty fund of P5,000,000. This minimum amount shall be maintained at all times and it must be increased by an amount equivalent to 5% of the Association's gross premium collections until the guaranty fund reaches 12.5% of the minimum paid up capital for domestic life insurance companies.

On June 20, 2024, the Association acquired zero-coupon HTM investment from Banco De Oro with a face amount of P95,000,000 at a discounted price of P90,968,040. This investment has a 365-day tenure and with maturity date on May 28, 2025. This investment has been surrendered and deposited with the IC, a guaranty fund in accordance with the provisions of the Insurance Code, as security for the benefit of policyholders and creditors of the Association. As of December 31, 2024, the HTM investment has a carrying value of P92,868,040.

As of December 31, 2023, the Association has surrendered and deposited with the IC as guaranty fund HTM investment amounting to P80,000,000 principal value government securities and maturity tenure on March 13, 2024. As of December 31, 2023, this guaranty fund has a carrying value of P79,317,285.

Distribution to Members

Per IC Circular letter 2015-46, a mutual benefit association shall only maintain free and unassigned fund balance of not more than twenty percent (20%) of its total liabilities as verified by the IC. No appropriation of surplus was recorded in 2024 and 2023 other than attributable to guaranty fund as discussed above. As of December 31, 2024 and 2023, the Association's free and unassigned fund balance is not more than 20% of its total liabilities.

Risk-based capital requirements (RBC)

On December 8, 2006, the IC issued IMC NO. 11-2006 adopting the RBC framework for the mutual benefit associations to establish the required amounts of capital to be maintained by entities in relation to their investment and insurance risks. Every mutual benefit association is annually required to maintain a minimum RBC ratio of 100.00% and not fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance entity to the corresponding regulatory intervention which has been defined at various levels.



The RBC ratio shall be calculated as member's equity divided by the RBC requirement whereas, members' equity is defined as admitted assets minus all liabilities inclusive of actuarial reserves and other policy obligations.

The following table shows how the RBC ratio was determined by the Association based on its calculation:

	2024 (Estimate)	2023 (Actual)
Net worth	₱173,661,378	₱104,626,557
RBC requirement	64,402,942	28,508,599
RBC ratio	270%	367%

The final amount of the RBC ratio can be determined only after the accounts of the Association have been examined by the IC specifically as to admitted and non-admitted assets as defined under the same Code.

Insurance Risk

The principal risk the Association faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than originally estimated and subsequent development of long-term claims. Therefore, the objective of the Association is to ensure that sufficient reserves are available to cover these liabilities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines.

Underwriting risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks are brought about by a combination of the following:

- *Mortality risk* - risk of loss arising due to policyholder death experience being different than expected.
- *Morbidity risk* - risk of loss arising due to policyholder health experience being different than expected.
- *Investment return risk* - risk of loss arising from actual returns being different than expected.
- *Expense risk* - risk of loss arising from expense experience being different than expected.
- *Policyholder decision risk* - risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected.

These risks do not vary significantly in relation to the location of the risk insured by the Association. Undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Association's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Association has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. The Association further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Association.



The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written, reflecting recent historical experience and which are adjusted where appropriate to reflect the Association's own experiences. An appropriate but not excessive prudent allowance is made for expected future improvements.

An increase in rates will lead to a larger number of claims and claims could occur sooner than anticipated, which will increase the expenditure and decrease the fund balance of the Association.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to a reduction in expenditure and an increase in the fund balance of the Association.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation adjustments if appropriate. An increase in the level of expenses would result in an increase in expenditure thereby reducing the fund balance of the Association.

Lapse and surrender rates

Lapses relate to the termination of policies due to nonpayment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on Association's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce the fund balance of the Association, but later increases are broadly neutral in effect.

Discount rate

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Association's own risk exposure.

A decrease in the discount rate will increase the value of the liability.

Financial instruments

The Association's principal financial instruments are cash and cash equivalents, short-term investments, financial assets at fair value through profit or loss (FVPL), loans and receivables, HTM investments, accounts payable and accrued expenses. The main purpose of these financial instruments is to finance its operations.



As of December 31, 2024 and 2023, due to the short-term nature of transactions, the carrying amounts of cash and cash equivalents, short-term investments, loans and receivables, accounts payable and accrued expenses approximate their fair values, while the financial assets at FVPL is already measured at fair value.

As of December 31, 2024 and 2023, the fair values of financial assets at FVPL and HTM investments are designated as Level 1. These fair values are determined by reference to quoted bid prices, at the close of business on the reporting date. As of December 31, 2024 and 2023, the fair value of the HTM investments amounted to ₱93,123,793 and ₱79,341,789 respectively.

Financial Risks

The Association is exposed to financial risk through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk that the Association is exposed to is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in interest rate, currency and debt securities products, all of which are exposed to general and specific market movements.

Credit risk

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Association sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings to mitigate the Association's exposure to credit risk.

The carrying amounts of the Association's financial assets represent the maximum exposure to credit risk.

The credit risk is concentrated on the following:

	2024	2023
Related parties	₱3,809,537	₱3,395,682
Unrelated parties	941,454,075	773,591,788
	₱945,263,612	₱776,987,470

The Association uses a credit rating concept based on the borrowers and counterparties' overall credit worthiness, as follows:

- Investment grade - Rating given to borrowers and counterparties who possess strong to very strong capacity to meet its obligations.
- Non-investment grade - Rating given to borrowers and counterparties who possess above average capacity to meet its obligations.

The Association trades only with members who are also members of the related parties. The receivables represent mostly collections by the related parties on behalf of the Association pertaining to premiums for basic and credit life insurance that are unremitted to the Association. Receivables are generally on a 1-30 days term and are all current. All receivables are neither past due nor impaired.



The Association conducts periodic review of allowance for credit losses each financial year through examining the financial position of the related party and the market in which the related party operates.

As of December 31, 2024 and 2023, the Association assesses its financial assets as having an investment grade credit rating.

Liquidity risk

This risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The following policies and procedures are in place to mitigate the Association's exposure to liquidity risk:

- a) The Association's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Association. Compliance with the policy is monitored and exposures and breaches are reported to the management. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- b) Set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations. The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one (1) year and beyond one (1) year from reporting date:

2024						
	Up to one year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial Assets						
Cash and cash equivalents	P788,147,726	P-	P-	P-	P-	P788,147,726
Short-term investments	10,965,513	-	-	-	-	10,965,513
Financial assets at FVPL	-	-	-	-	47,185,794	47,185,794
Loans and receivables	6,096,539	-	-	-	-	6,096,539
Held-to-maturity investments	95,000,000	-	-	-	-	95,000,000
	P900,209,779	P-	P-	P-	P47,185,794	P947,395,572
Financial liabilities						
Accounts payable and accrued expenses	P46,641,942	P-	P-	P-	P-	P46,641,942
2023						
	Up to one year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial Assets						
Cash and cash equivalents	P653,084,590	P-	P-	P-	P-	P653,084,590
Short-term investments	10,854,856	-	-	-	-	10,790,467
Financial assets at FVPL	-	-	-	-	31,481,652	31,481,652
Loans and receivables	2,249,087	-	-	-	-	2,249,087
Held-to-maturity investments	80,000,000	-	-	-	-	80,000,000
	P746,188,533	P-	P-	P-	P31,481,652	P777,605,796
Financial liabilities						
Accounts payable and accrued expenses	P8,060,318	P-	P-	P-	P-	P8,060,318

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk)



The following policies and procedures are in place to mitigate the Association's exposure to market risk:

- a. The market risk policy sets out the assessment and determination of what constitutes market risk for the Association. Compliance with the policy is monitored and exposures and breaches are reported to the management. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- b. Set asset allocation and portfolio limit structure, to ensure that assets back specific member liabilities and that assets are held to deliver income and gains for members which are in line with expectations of the members.

Currency risk

The Association has no transactions carried out in foreign currencies, with respect to U.S. dollars, therefore, the Association's exposure to currency risk is minimal.

Interest rate risk

This interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Association to cash flow interest risk, whereas fixed interest rate instruments expose the Association to fair value interest risk.

The Association's interest risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until the maturity.

The following table shows the information relating to the Association's interest-bearing financial instruments as of December 31, 2024 and 2023 presented by maturity profile.

2024

	Range of interest rate	Up to a year	Over one (1) year
Cash and cash equivalents	1.72-5.5%	₱788,147,726	₱-
Short-term investments	0.75%	10,965,513	-
Held to maturity investments	4.24%	92,868,040	-
Other receivables	6%	1,500,062	-
Total financial assets		₱893,481,342	₱-

2023

	Range of interest rate	Up to a year	Over one (1) year
Cash and cash equivalents	1.72-5.25%	₱653,084,590	₱-
Short-term investments	0.25% to 0.75%	10,854,856	-
Held to maturity investment	5.71-6.7%	79,317,285	-
Other receivables	6%	1,023,425	-
Total financial assets		₱661,753,297	₱-



21. Maturity Analysis of Assets and Liabilities

The table below presents the Association's assets and liabilities as of December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled:

	2024			2023		
	One Year	More than One Year	Total	One Year	More than One Year	Total
Assets						
Cash and cash equivalents	P788,147,726	P-	P788,147,726	P653,084,590	P-	P653,084,590
Short-term investments	10,965,513	-	10,965,513	10,854,856	-	10,854,856
Financial assets at fair value through profit or loss	47,185,794	-	47,185,794	31,481,652	-	31,481,652
Loans and receivables	8,926,422	-	8,926,422	6,056,297	-	6,056,297
Held-to-maturity investments	92,868,040	-	92,868,040	79,317,285	-	79,317,285
Property and equipment	-	11,960,594	11,960,594	-	15,008,830	15,008,830
Intangible asset - net	-	248,625	248,625	-	360,750	360,750
Other assets	-	-	-	-	14,190	14,190
Total assets	P948,093,495	P12,209,219	P960,302,714	P780,808,870	P15,369,580	P796,178,450
Liabilities						
Insurance contract liabilities	P485,174,052	P-	P485,174,052	P429,047,950	P-	P429,047,950
Retirement savings fund	230,562,131	-	230,562,131	204,889,680	-	204,889,680
Accounts payable and accrued expenses	59,633,787	-	59,633,787	23,478,861	-	23,478,861
Total liabilities	P755,369,970	P-	P755,369,970	P657,416,491	P-	P657,416,491

22. Supplementary Tax Information Required Under Revenue Regulations 15-2010

The Association reported and/or paid the following types of taxes in 2024:

Value added tax (VAT)

As a nonstock, not-for-profit and mutual benefit association, the Association was granted tax exemption with respect to value-added taxes as provided under the National Internal Revenue Code of 1997 as amended by Republic Act 8424 known as the Comprehensive Tax Reform Program by the Bureau of Internal Revenue (see Note 1).

- a. Net Sales/Receipts and Output VAT declared in the Association's VAT returns follows:

The Association is a non-VAT registered company engaged in the business of life insurance.

- b. Details of Input VAT follow:

The Association did not claim any input VAT in 2024.

- c. Information on the Association's importations

The Association has no importation transactions for 2024.

- d. Taxes and Licenses

Details consist of the following:

Business permit and clearance	P2,181,162
Real property tax	786,680
Registration fee	500
Others	9,380
	P2,977,722



e. Documentary stamp taxes

The Association paid ₱3,816,781 in documentary stamp taxes on insurance contract policies for the year 2024.

f. Withholding Taxes

Details consist of the following:

Withholding taxes on compensation and benefits	₱98,699
Expanded withholding taxes	6,303,246
	₱6,401,945

g. Tax Assessments and Cases

As of December 31, 2024, the Association has no deficiency tax assessments from the BIR.



PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
YEAR 2024

	Years Ended December 31	
	2024	2023
TOTAL AUDIT FEES	₱696,620	₱529,650
Non-audit Service Fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total Non-audit Fees	—	—
Total Audit and Non-audit Fees	₱696,620	₱529,650

Fw: Your BIR AFS eSubmission uploads were received

From Richard Jeremy Tabudlo <accounts@pagasa-mba.com.ph>

Date Wed 6/4/2025 9:30 AM

To Melanie Fularon <melanie.fularon@pagasa-mba.com.ph>

From: eafs@bir.gov.ph <eafs@bir.gov.ph>

Sent: Thursday, May 29, 2025 10:51 AM

To: Richard Jeremy Tabudlo <accounts@pagasa-mba.com.ph>

Cc: Richard Jeremy Tabudlo <accounts@pagasa-mba.com.ph>

Subject: Your BIR AFS eSubmission uploads were received

Hi PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.,

Valid files

- EAFS008434775ITRTY122024.pdf
- EAFS008434775AFSTY122024.pdf
- EAFS008434775OTHTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-2XNR1ZS406EGF95FDMS13ZZQZ0424TQTZ1**

Submission Date/Time: **May 29, 2025 10:51 AM**

Company TIN: **008-434-775**

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