STATEMENT MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Pagasa ng Pinoy Mutual Benefit Association Inc.** (the Association), is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Jonnette C. Almanzar
President

Eufrecina T. De Jesus
Treasurer

Signed this 4TH day of AUGUST 2026

STATEMENT MANAGEMENT RESPONSIBILITY FOR ANNUAL INCOME TAX RETURNS

The Management of **PAGASA NG PINOY MUTUAL BENFIT ASSOCIATION, INC.,** (the Association), is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the 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 and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Association, 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 Association's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

c) the Association has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Jonnette C. Almanzar
President

Eufrecina T. De Jesus
Treasurer

Signed this ____ day of _____ 2026

BOA/PRC Accreditation No. 4782
June 7, 2026, valid until June 6, 2029
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Members and the Board of Trustees
PagASA ng Pinoy Mutual Benefit Association, Inc.
Unit 5I & 5J 5th Floor, Jenkinsen Tower
No. 80 Timog Avenue, Brgy. 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. (a nonstock, nonprofit organization) (the Association), which comprise the statement of assets, liabilities, and fund balance as at December 31, 2025, and the statement of comprehensive income, statement of changes in fund balance and statement of cash flows for the year then ended, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Other Matter

The financial statements of the Association as at and for the year ended December 31, 2024 were audited by another auditor, whose report dated May 15, 2025 expressed an unmodified opinion on those statements.

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

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

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of 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 and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782/P-007; Valid until June 6, 2029
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2023 to 2025
IC Accreditation IC-EA-2024-0018-R
Valid for Financial Periods 2024 to 2026
BIR Accreditation No. 08-005144-007-2025
Valid until August 10, 2028
PTR No. 10764005
Issued January 2, 2026, Makati City

August 4, 2026
Makati City, Metro Manila

PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE
DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	**2025**	2024
ASSETS			
Cash and cash equivalents	4	**₱776,441,044**	₱788,147,726
Short-term investments	5	**11,076,387**	10,965,513
Loans and receivables	6	**85,656,374**	8,926,422
Financial assets at fair value through profit or loss (FVPL)	7	**82,172,724**	47,185,794
Held-to-maturity (HTM) investments	8	**122,942,476**	92,868,040
Property and equipment	9	**11,625,122**	11,960,594
Other asset	10	**136,500**	248,625
		₱1,090,050,627	₱960,302,714
LIABILITIES AND FUND BALANCE			
Liabilities			
Insurance contract liabilities	11	**₱544,234,642**	₱485,174,052
Retirement savings fund	12	**264,129,833**	230,562,131
Accounts payable and accrued expenses	13	**90,851,009**	59,633,787
Retirement benefits liability	14	**4,450,119**	–
Total Liabilities		**903,665,603**	775,369,970
Fund Balance			
Appropriated	22	**122,942,476**	92,868,040
Unappropriated		**63,442,548**	92,064,704
Total Fund Balance		**186,385,024**	184,932,744
		₱1,090,050,627	₱960,302,714

See accompanying Notes to Financial Statements.

PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	**2025**	2024
MEMBERS' PREMIUMS AND MEMBERSHIP FEES			
Premiums on insurance contracts	15	**₱399,449,356**	₱423,577,202
Membership fees		**27,532,442**	29,861,751
		426,981,798	453,438,953
BENEFITS, CLAIMS AND OTHER COSTS			
Benefits and claims incurred	16	**121,152,682**	119,984,419
Increase in insurance contract liabilities	11	**111,768,544**	137,403,791
Commission fees	17	**56,238,239**	58,832,923
Interest on return of equity value	11	**4,476,477**	4,584,708
		293,635,942	320,805,841
GROSS INCOME		**133,345,856**	132,633,112
GENERAL AND ADMINISTRATIVE EXPENSES	18	**(152,885,204)**	(99,368,015)
OTHER INCOME (EXPENSE)			
Interest income	4	**25,606,683**	16,189,639
Interest expense	12	**(2,879,428)**	(2,573,986)
Other income	19	**2,337,362**	1,666,106
		25,064,617	15,281,759
INCOME BEFORE INCOME TAX		**5,525,269**	48,546,856
FINAL TAX ON INTEREST INCOME	21	**(4,072,989)**	(2,376,071)
NET INCOME		**1,452,280**	46,170,785
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME		**₱1,452,280**	₱46,170,785

See accompanying Notes to Financial Statements.

PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.

(A Nonstock, Nonprofit Organization)

STATEMENT OF CHANGES IN FUND BALANCE

FOR THE YEAR ENDED DECEMBER 31, 2025

(With Comparative Figures for 2024)

	Note	**2025**	2024
FUND BALANCE			
Appropriated	22		
Balance at beginning of year		**₱92,868,040**	₱79,317,285
Transfer from unappropriated fund		**30,074,436**	92,868,040
Transfer to unappropriated fund		**–**	(79,317,285)
Balance at end of year		**122,942,476**	92,868,040
Unappropriated			
Balance at beginning of year		**92,064,704**	59,444,674
Net income		**1,452,280**	46,170,785
Transfer to appropriated fund	22	**(30,074,436)**	(92,868,040)
Transfer from appropriated fund		**–**	79,317,285
Balance at end of year		**63,442,548**	92,064,704
		₱186,385,024	₱184,932,744

PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.
(A Nonstock, Nonprofit Organization)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Comparative Figures for 2024)

	Note	**2025**	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱5,525,269**	₱48,546,856
Adjustments for:			
Provision for impairment loss	6	**41,017,841**	–
Interest income	4	**(25,606,683)**	(16,189,639)
Provision for probable losses	13	**10,417,213**	11,838,039
Retirement expense	14	**4,450,119**	–
Interest expense	12	**2,879,428**	2,573,986
Gain on sale of financial assets at FVPL	7	**(1,626,298)**	(332,161)
Depreciation and amortization	9	**977,292**	1,148,945
Net fair value gain on financial assets at FVPL	7	**(676,673)**	(778,961)
Bad debts written off	6	**–**	901,459
Gain on sale of property and equipment	9	**–**	(554,984)
Operating income before working capital changes		**37,357,508**	47,153,540
Decrease (increase) in:			
Short-term investments		**(110,874)**	–
Loans and receivables		**(117,747,793)**	(6,463,976)
Other assets		**–**	14,190
Increase in:			
Insurance contract liabilities		**59,060,590**	56,126,102
Retirement savings fund		**31,100,734**	23,942,336
Accounts payable and accrued expenses		**20,387,549**	23,473,016
Net cash generated from operations		**30,047,714**	144,245,208
Interest received		**20,594,190**	16,188,674
Final taxes paid	21	**(4,072,989)**	(2,376,071)
Net cash provided by operating activities		**46,568,915**	158,057,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Held-to-maturity investments	8	**(120,061,943)**	(90,968,055)
Financial assets at FVPL	7	**(60,000,000)**	(25,000,000)
Property and equipment	9	**(529,695)**	(433,601)
Proceeds from disposal and maturities of:			
Held-to-maturity investments	8	**95,000,000**	80,000,000
Financial assets at FVPL	7	**27,316,041**	10,406,981
Property and equipment	9	**–**	3,000,000
Net cash used in investing activities		**(58,275,597)**	(22,994,675)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(11,706,682)**	135,063,136
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**788,147,726**	653,084,590
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱776,441,044**	₱788,147,726

See accompanying Notes to Financial Statements.

PAGASA NG PINOY MUTUAL BENEFIT ASSOCIATION, INC.

(A Nonstock, Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2025

(With Comparative Information for 2024)

1. General Information

PagASA ng Pinoy Mutual Benefit Association, Inc. (the Association) was registered with the Securities and Exchange Commission (SEC) as a nonstock, nonprofit organization on December 28, 2012. It was granted a license by the Insurance Commission (IC) on May 22, 2013 as a mutual benefit association and 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. The current license of the Association as a mutual benefit association is valid until December 31, 2027.

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 & 5J 5th Floor, Jenkinsen Tower, No. 80 Timog Avenue, Brgy. Sacred Heart, Quezon City.

The financial statements as at and for the year ended December 31, 2025 (with comparative figures and information as at and for the year ended December 31, 2024) were approved and authorized for issue by the Board of Trustees (BOT) on August 4, 2026.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

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

Basis of Measurement

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

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

- Financial assets at FVPL that are initially carried at fair value; and
- Aggregate reserves which is computed based on generally accepted actuarial principles.

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

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

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

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

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

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

Further information about the assumptions made in measuring fair value is included in the following Note 22.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2025. The adoption of these amendments did not materially affect the financial statements of the Association. Additional disclosures were included in the financial statements, as applicable.

New and Amendments to PFRS Accounting Standards Issued But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the financial statements, are summarized below:

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statement of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2030:

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

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

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

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

The Association is currently assessing the potential impact of adopting PFRS 18 and PFRS 17.

The adoption of PFRS 18 is not expected to have a material impact on the Association's financial position or financial performance. However, it will result in changes in the presentation, classification, and aggregation of items in the statement of comprehensive income and related disclosures.

The adoption of PFRS 17 is expected to have a material impact on the Association's revenue recognition and presentation and disclosures of insurance contract assets and liabilities. The management is currently assessing the impact as it prepares for the effectivity of the new insurance standards on January 1, 2030.

Financial Instruments

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

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

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

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

Classification. Financial instruments are classified as liability or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expenses or income.

Under PAS 39, the Association classifies its financial assets into the following categories: Financial assets at FVPL, HTM investments and loans and receivables. Financial liabilities are classified as other financial liabilities carried at amortized cost.

The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. The management determines the classification of its financial instruments at initial recognition.

Financial Assets at FVPL. Financial assets classified as FVPL are initially recognized at fair value. Subsequent to initial recognition, these investments are measured at fair value, with all realized and unrealized gains and losses recognized in profit or loss.

As of December 31, 2025 and 2024, the Association's financial assets at FVPL consist of investments in equity securities and investment funds (see Note 7).

HTM Investments. HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Association has the positive intention and ability to hold to maturity.

After initial recognition, these investments are measured at amortized cost using the effective interest rate (EIR) method. The carrying amount is adjusted for principal repayments and for the amortization of any premium or discount over the investment's term, including related transaction costs and fees. Interest income, as well as any gains or losses on derecognition or impairment, are recognized in profit or loss.

As at December 31, 2025 and 2024, the Association's HTM investments consist of investments in debt securities (see Note 8).

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

Loans and receivables consist primarily of cash and cash equivalents, short-term investments, receivables from related parties, accrued interest income, and other receivables.

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

For short-term investments, receivables from related parties, accrued interest income, and other receivables, these are not entered into with the intention of immediate or short-term resale and are not held for trading.

Other Financial Liabilities. Other financial liabilities are non-derivative financial liabilities that are not classified as at fair value through profit or loss. These include obligations to deliver cash or another financial asset to a counterparty.

Other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on the liability and fees that are an integral part of the effective interest rate (EIR). Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

Other financial liabilities includes retirement savings fund and accounts payable and accrued expenses (see Notes 12 and 13).

Impairment of Financial Assets

At each reporting date, the Association assesses whether objective evidence exists that loans and receivables or HTM investments are impaired. Evidence of impairment includes significant financial difficulty of the borrower, default in payment, breach of contract, or other observable events indicating that estimated future cash flows have declined.

If objective evidence of impairment exists, the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through an allowance account and the loss is recognized in profit or loss.

If, in a subsequent period, the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss.

Derecognition of Financial Assets and Financial Liabilities
Financial assets are derecognized when the contractual rights to receive the cash flows from the assets expire, or when the Association transfers substantially all the risks and rewards of ownership. Where the Association neither transfers nor retains substantially all the risks and rewards, the financial asset is derecognized only if control over the asset has also been transferred.

Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled, or has expired. Any difference between the carrying amount of the liability derecognized and the consideration paid is recognized in profit or loss.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation, amortization and accumulated impairment losses, if any.

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

An impairment loss is recognized when the carrying amount exceeds the recoverable amount, which is the higher of value in use and fair value less costs of disposal.

Impairment losses are recognized in profit or loss. A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, subject to the carrying amount not exceeding what it would have been had no impairment loss been recognized.

Insurance Contracts Liabilities

The Association issues annual renewable insurance contracts that provide protection to its members against death, disability, hospitalization, and loan obligations. Its insurance products consist of the Basic Life Insurance Plan (BLIP), Credit Life Insurance Plan (CLIP), and Hospital Care Assistance (HCA). Premiums are recognized as revenue over the period in which insurance coverage is provided.

The Association establishes insurance contract liabilities to meet future obligations arising from these contracts. These include actuarially determined reserves for BLIP, unearned premium reserves for CLIP and HCA, claims payable, incurred but not reported (IBNR) claims, and members' return of equity value.

In accordance with the Insurance Code governing mutual benefit associations, participating members accumulate an equity value equivalent to fifty percent (50%) of their eligible BLIP contributions. Members who voluntarily terminate their membership are entitled to receive their accumulated equity value, net of benefits previously paid in accordance with the Association's approved benefit plan. The accumulated equity value earns interest at the rate approved by the Board of Trustees and consistent with the Association's benefit rules. Accordingly, the members’ return on equity value represents the Association’s obligation to members as at reporting date.

The adequacy of insurance contract liabilities is assessed at each reporting date using assumptions and actuarial estimates appropriate to the Association's insurance portfolio.

Retirement Savings Fund

The Retirement Savings Fund represents compulsory savings contributed by members every six months in accordance with the Association's retirement savings program. These contributions remain the property of the members and are recognized as liabilities of the Association. Members are entitled to withdraw their accumulated contributions together with the corresponding interest upon reaching the retirement age prescribed under the program or upon satisfying the withdrawal conditions established by the Association.

Interest credited to members' retirement savings is recognized as interest expense as it accrues.

Fund Balance

Fund Balance represents the total accumulated net income of the Association together with the required guaranty fund reserves maintained in accordance with regulatory requirements. Unappropriated fund balance represents the accumulated surplus available for the Association's general operations. Appropriated fund balance represents accumulated surplus earmarked by the Board of Trustees for specific purposes, including guaranty fund requirements and other member-related programs, and is not available for general use.

Guaranty Fund Reserves. Guaranty fund reserves represent the required fund amounting to ₱5.0 million, and every year thereafter increased by an amount equivalent to five percent (5%) of gross members' contribution and premium collections until its amount has reached twenty-five percent (25%) of the required net worth for existing domestic life insurance companies.

Revenue Recognition

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

Premiums on Insurance Contracts. Premiums represent amounts collected from insurance contracts under the Association's BLIP, CLIP, and HCA programs.

- *BLIP.* Premiums on 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.

- *CLIP and HCA.* Premiums on CLIP and 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.

Membership Fees. The Association receives membership fees from members. These pertain to the initial amount paid to qualify as member and given the privilege to avail the products and services of the Association. This is recognized as earned when collected.

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

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

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

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

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

Other Direct Costs. Other direct costs pertain to all costs incurred by the Association that are directly related to the Association's insurance business such as marketing expenses and fees paid for collection services.
Commission Fees. Commission fees consist of admission fees and commission fees charged to the Association by related parties 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 are costs incurred in administering the business and recognized when incurred.

Interest Expense. Interest expense is recognized in profit or loss when it accrues.

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

Retirement Benefits. The Association accrues minimum retirement benefit liability in accordance with Republic Act (R.A.) No. 7641, "Retirement Pay Law," which requires the Association to pay minimum retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least five (5) years of service to the Association.

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

The Association conducts significant transactions with PagASA Philippines Finance Corporation (PPFC) and PagASA ng Masang Pinoy Microfinance, Inc. (PMPMI), entities under common membership. These entities act as the Association's collection and servicing partners by collecting members' premiums, membership fees, and retirement savings contributions through their branch network. They likewise facilitate the payment of approved insurance claims and reimburse certain operating expenses incurred on behalf of the Association. Outstanding balances arising from these transactions are generally non-interest bearing, unsecured, and settled in cash.

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

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

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

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

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

Estimates and Assumptions

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

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

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

The impairment loss and carrying amounts of other financial assets at amortized cost are disclosed in Notes 6 and 8.

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

Claims estimation by the Association considers many factors such as industry average mortality or morbidity experience, with adjustments to reflect the Association's historical experience. These liabilities form part of the Association's IBNR which is disclosed in Note 11.

Liability Adequacy Test. At each reporting period, the Association ensures that the assumptions used are best estimates, taking into consideration the current experience to determine whether liabilities are adequate in accordance with the provisions of PFRS 4. Accordingly, the recorded aggregate reserves and IBNR claims as at December 31, 2025 and 2024 disclosed in Note 11, are adequate using best estimate assumptions.

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

As at December 31, 2025 and 2024, amounts pertaining to aggregate reserves are disclosed in Note 11.

Estimating the Useful Lives of Property and Equipment. The Association estimates the useful lives of property and equipment based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. As at December 31, 2025 and 2024, there are no changes in the estimated useful lives of property and equipment and investment properties.

The carrying amounts of property and equipment are disclosed in Note 9.

Determining the Retirement Benefits Liability. The retirement benefits liability recognized by the Association pertains to the current year, representing the initial recognition of the obligation based on management estimates.

The determination of the retirement benefits liability and related expense requires the use of assumptions, including, among others, discount rates and salary increase rates. These estimates are based on management's best judgment and available information at the reporting date.

The Association has assessed that the difference between the retirement liability as determined by an acceptable actuarial valuation method and the estimated retirement liability will not significantly affect the Association's financial position and results of operations.

The details of the Association's retirement expense and net retirement benefits liability are disclosed in Note 14.

4. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱30,000**	₱49,529
Cash in banks	**414,914,615**	462,334,999
Cash equivalents	**361,496,429**	325,763,198
	₱776,441,044	₱788,147,726

Cash in banks earn 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 1.05% to 5.5% and 1.72% to 5.5% in 2025 and 2024, respectively.

Interest income consists of:

	Note	**2025**	2024
Cash and cash equivalents		**₱20,226,353**	₱13,201,198
HTM investments	8	**5,012,493**	2,582,700
Loans and receivables	6	**229,245**	193,740
Short-term investments	5	**138,592**	212,001
		₱25,606,683	₱16,189,639

5. Short-term Investments

Short-term investments amounting to ₱11.1 million and ₱11.0 million as at December 31, 2025 and 2024, respectively, represent certificates of deposit with a local bank with a 360-day maturity. These investments earn interest at annual rates ranging from 0.25% to 1.25% in 2025 and 2024.

Interest income earned from these investments amounted to ₱0.1 million and ₱0.2 million in 2025 and 2024, respectively (see Note 4).

6. Loans and Receivables

This account consists of:

	Note	**2025**	2024
Due from related parties	20	**₱80,905,157**	₱3,809,537
Accrued interest income		**929,347**	73,679
Other receivables		**44,839,711**	5,043,206
		126,674,215	8,926,422
Allowance for impairment loss		**(41,017,841)**	–
		₱85,656,374	₱8,926,422

Accrued interest income represents interest earned from cash equivalents and short-term investment.

Other receivables consist of loans and advances to officers, employees, and third parties. These are non-interest bearing, except for salary loan which earns 6% semi-annually, with payment terms of up to 24 months. This account includes receivables from previous officers and employees amounting to ₱41.0 million, which is fully provided with allowance as at December 31, 2025.

Interest income earned in 2025 and 2024 amounted to ₱0.2 million (see Note 4).

In 2025, the Association provided allowance for impairment loss on other receivables amounting to ₱41.0 million (see Note 18). In 2024, the Association had directly written-off other receivables amounting to ₱0.9 million (see Note 18).

7. Financial Assets at FVPL

This account consists of investments in:

	2025	2024
BPI Investment Management, Inc. (BPIIMI)	**₱61,090,315**	₱25,689,743
Petron Corporation	**19,721,960**	20,092,000
Insular Life Assurance Co. Inc. (Insular Life)	**1,360,449**	1,404,051
	₱82,172,724	₱47,185,794

The movements of this account are as follows:

	Note	2025	2024
Balance at beginning of year		**₱47,185,794**	₱31,481,652
Additions		**60,000,000**	25,000,000
Disposals		**(25,689,743)**	(10,074,819)
Net fair value gain	19	**676,673**	778,961
Balance at end of year		**₱82,172,724**	₱47,185,794

BPIIMI

The Association acquired investments in mutual fund being managed by BPIIMI amounting to ₱60.0 million and ₱25.0 million in 2025 and 2024, respectively.

In 2025, the Association redeemed its ₱25.0 million investments with a carrying amount of ₱25.7 million for a consideration amounting to ₱27.3 million, equivalent to its fair value at the redemption date, resulting in a gain on disposal amounting to ₱1.6 million (see Note 19).

In 2024, the Association redeemed its ₱10.0 million investments with a carrying amount of ₱10.1 million for a consideration amounting to ₱10.4 million, equivalent to its fair value at the redemption date, resulting in a gain on disposal amounting to ₱0.3 million (see Note 19).

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 ₱20.0 million.

Insular Life

On May 25, 2017, the Association obtained variable returns asset insurance plan in a form of equity fund, covering its key officers as the designated beneficiary under the contract. The premium paid amounted to ₱5.0 million. On May 21, 2021, the Association paid additional premiums amounting to ₱1.0 million. However, on March 4, 2022, the Association made partial termination of the equity fund amounting to ₱4.0 million.

The Association has recorded fair value investment losses which are brought about by changes in the net asset value per unit (NAVPU) of the equity fund purchased by the Association from Insular Life.

8. HTM Investments

The movements of this account are as follows:

	Note	2025	2024
Balance at beginning of year		**₱92,868,040**	₱79,317,285
Additions		**120,061,943**	90,968,055
Maturities		**(95,000,000)**	(80,000,000)
Amortization of discount	4	**5,012,493**	2,582,700
Balance at end of year		**₱122,942,476**	₱92,868,040

In 2025, the Association acquired a 364-day Treasury Bill classified as an HTM investment, with a face value of ₱125.0 million and an acquisition cost of ₱120.1 million. The investment will mature on May 6, 2026.

In 2024, the Association acquired a 365-day Treasury Bill classified as an HTM investment, with a face value of ₱95.0 million and an acquisition cost of ₱91.0 million. The investment will mature on May 28, 2025.

The Association assigned HTM investment with carrying amount of ₱122.9 million and ₱92.9 million as guaranty fund as at December 31, 2025 and 2024, respectively, as security for the benefit of policyholders and creditors of the Association in accordance with the provisions of the Insurance Code (see Note 22). The guaranty fund is presented as "Appropriated fund balance" in the statement of assets, liabilities, and fund balance.

In 2025 and 2024, the Association recognized interest income on HTM investments amounting to ₱5.0 million and ₱2.6 million, respectively.

9. Property and Equipment

The details and movements of this account are as follows:

	2025				
	Computer and Office Equipment	**Office Furniture and Fixtures**	**Transportation Equipment**	**Building Improvements**	**Total**
Cost					
Balances at beginning of year	**₱3,544,748**	**₱1,183,713**	**₱1,291,000**	**₱12,935,466**	**₱18,954,927**
Additions	**412,119**	**117,576**	**–**	**–**	**529,695**
Balances at end of year	**3,956,867**	**1,301,289**	**1,291,000**	**12,935,466**	**19,484,622**
Accumulated Depreciation					
Balances at beginning of year	**3,032,609**	**1,003,584**	**1,291,000**	**1,667,140**	**6,994,333**
Depreciation	**158,547**	**59,846**	**–**	**646,774**	**865,167**
Balances at end of year	**3,191,156**	**1,063,430**	**1,291,000**	**2,313,914**	**7,859,500**
Carrying amount	**₱765,711**	**₱237,859**	**₱–**	**₱10,621,552**	**₱11,625,122**

	2024				
	Computer and Office Equipment	Office Furniture and Fixtures	Transportation Equipment	Building Improvements	Total
Cost					
Balances at beginning of year	₱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)
Balances at end of year	3,544,748	1,183,713	1,291,000	12,935,466	18,954,927
Accumulated Depreciation					
Balances at beginning of year	2,961,497	961,921	1,291,000	2,331,128	7,545,546
Depreciation	71,112	41,663	–	924,045	1,036,820
Disposal	–	–	–	(1,588,033)	(1,588,033)
Balances at end of year	3,032,609	1,003,584	1,291,000	1,667,140	6,994,333
Carrying amount	₱512,139	₱180,129	₱–	₱11,268,326	₱11,960,594

On April 15, 2024, the Association sold one of its condominium unit to Pagasa Philippines Finance Corp. (PPFC) for ₱3.0 million, resulting to a gain on sale amounting to ₱0.6 million (see Note 19).

Cost of fully depreciated property and equipment still in use amounted to ₱5.2 million as at December 31, 2025 and 2024.

Depreciation and amortization consists of (see Note 18):

	Note	**2025**	2024
Property and equipment		**₱865,167**	₱1,036,820
Other asset	10	**112,125**	112,125
		₱977,292	₱1,148,945

10. **Other Asset**

This account pertains to the Association's computer software. The movements are as follows:

	Note	**2025**	2024
Cost			
Balance at beginning and end of the year		**₱612,720**	₱612,720
Accumulated Amortization			
Balance at beginning of year		**364,095**	251,970
Amortization	9	**112,125**	112,125
Balance at end of year		**476,220**	364,095
Carrying Amount		**₱136,500**	₱248,625

Fully depreciated accounting system amounting to ₱27,720 as at December 31, 2025 and 2024 are still being used by the Association.

11. **Insurance Contract Liabilities**

This account consists of:

	2025	2024
Return of equity value	**₱480,896,539**	₱417,552,154
Claims payable	**16,954,214**	15,559,845
BLIP reserve	**19,997,668**	23,230,707
HCA reserve	**17,632,590**	17,950,022
CLIP reserve	**8,753,631**	10,881,324
	₱544,234,642	₱485,174,052

Return of Equity Value

Members' return of 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 its membership from the Association shall be entitled to 50% of the life insurance contribution less any benefits already paid. Annual interest of 1% is also credited thereon when a member reaches one (1) year.

The movements of this account are as follows:

	2025	2024
Balance at beginning of year	**₱417,552,154**	₱369,213,146
Members' equity interest at 50%	**117,446,708**	133,599,674
Equity value withdrawal	**(58,578,800)**	(89,845,374)
Interest credited	**4,476,477**	4,584,708
Balance at end of year	**₱480,896,539**	₱417,552,154

Claims Payable

This account consists of:

	2025	2024
Claims incurred but not yet reported (IBNR)	**₱16,336,714**	₱14,981,760
Claims in course of settlement	**617,500**	578,085
	₱16,954,214	₱15,559,845

The movements of this account are as follows:

	2025	2024
Balance at beginning of year	**₱15,559,845**	₱11,576,869
Claims incurred	**121,152,682**	119,984,419
Claims paid	**(119,758,313)**	(116,001,443)
Balance at end of year	**₱16,954,214**	₱15,559,845

Claims incurred but not yet reported pertain to deaths which occurred before year end but were reported subsequently.

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.

BLIP Reserve

BLIP is a contract between the members 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 the 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. BLIP reserve represents the actuarial reserve for basic life benefits in force as of the end of the reporting period and computed based on an independent actuarial valuation.

The movement of BLIP reserve follows:

	2025	2024
Balance at beginning of year	**₱23,230,707**	₱24,945,418
Decrease during the year	**(3,233,039)**	(1,714,711)
Balance at end of year	**₱19,997,668**	₱23,230,707

HCA Reserve

The HCA program provides hospitalization coverage to members up to ₱5,000 for six (6) months, with premiums ranging from ₱100 to ₱350 based on the level of coverage selected. The HCA reserve represents the unearned portion of premiums at the end of the reporting period.

The movement of HCA reserve follows:

	2025	2024
Balance at beginning of year	**₱17,950,022**	₱15,836,525
Increase (decrease) during the year	**(317,432)**	2,113,497
Balance at end of year	**₱17,632,590**	₱17,950,022

CLIP Reserve

Credit life insurance reserves represent the portion of premiums related to unexpired risks as of the end of the reporting period. Premiums from short-term insurance contracts are recognized as revenue over the coverage period, with changes in the reserves recognized in profit or loss.

The movement of CLIP reserve follows:

	2025	2024
Balance at beginning of year	**₱10,881,324**	₱7,475,993
Increase (decrease) during the year	**(2,127,693)**	3,405,331
Balance at end of year	**₱8,753,631**	₱10,881,324

Increase (Decrease) in Insurance Contract Liabilities

The increase (decrease) in insurance contract liabilities follows:

	2025	2024
Return of equity value	**₱117,446,708**	₱133,599,674
BLIP	**(3,233,039)**	(1,714,711)
CLIP	**(2,127,693)**	3,405,331
HCA	**(317,432)**	2,113,497
	₱111,768,544	₱137,403,791

Certain comparative amounts as at and for the year ended December 31, 2024 have been reclassified, as necessary, to conform with the current year's presentation and disclosure requirements. The reclassifications had no impact on the Association's previously reported net surplus, total assets, total liabilities, or fund balance.

12. Retirement Savings Fund

Retirement savings fund represents members' contributions to the Association's retirement fund. Members contribute ₱130 every six months, which earns interest at 1% per annum. Members may withdraw the fund at age 65 or earlier and will receive their total contributions plus interest.

The movements of this account are as follows:

	2025	2024
Balance at beginning of the year	**₱230,562,131**	₱204,889,680
Contributions	**67,551,380**	78,955,757
Withdrawals	**(36,450,646)**	(55,482,742)
Interest credit	**2,466,968**	2,199,436
Balance at end of year	**₱264,129,833**	₱230,562,131

Interest expense pertains to interest charges on the following accounts:

	Note	**2025**	2024
Retirement savings fund		**₱2,466,968**	₱2,199,436
Employee savings fund	13	**412,460**	374,550
		₱2,879,428	₱2,573,986

13. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**2025**	2024
Due to related parties	20	**₱46,110,287**	₱41,147,645
Provision for probable losses		**22,255,252**	11,838,039
Nontrade payables		**15,218,835**	428,400
Employee savings fund		**5,630,682**	4,625,712
Statutory payables		**910,193**	1,153,806
Accrued expenses		**725,760**	440,185
		₱90,851,009	₱59,633,787

Provision for probable losses relates to tax provisions made by the Association. The Association recognized provision for taxes amounting to ₱10.4 million and ₱11.8 million in 2025 and 2024, respectively (see Note 18).

Nontrade payables pertain to payables to third parties outside the normal course of business.

Employee savings fund represents amounts withheld from employees, including guaranty and salary fund deposits. The guaranty fund is ₱500 monthly deduction from employees' compensation, while the salary fund deposit is equal to five (5) days' pay deducted from the employee's first salary as a bond for training fees. The Association provides 8% interest per annum and the funds accumulate during employment and can be withdrawn upon resignation.

Interest expense from employee savings fund amounted to ₱0.4 million in 2025 and 2024.

Statutory payables consist of withholding taxes payable and other government contributions which are remitted to the government agencies within thirty (30) days.

Accrued expenses represent accruals for professional fees and employee benefits.

14. Retirement Benefits Liability

The Association is subject to Republic Act No. 7641, also known as the Retirement Pay Law. This law requires private sector employers to provide retirement benefits to qualified employees who are at least sixty (60) years of age and have rendered a minimum of five (5) years of service, offering at least half a month's salary per year of service.

In the absence of a formal retirement plan, the Association recognizes an estimated retirement benefit obligation. The liability is determined based on employees' current salaries multiplied by the number of years of service rendered to date.

As at December 31, 2025, the estimated retirement benefits obligation amounted to ₱4.5 million presented as "Retirement benefits liability" account in the statement of assets, liabilities, and fund balance. The corresponding retirement benefit cost recognized during the year is presented as "Retirement expense" under "General and administrative expenses" account in the statement of comprehensive income (see Note 18).

15. Premiums on Insurance Contracts

This account consists of premiums arising from the following insurance contracts:

	2025	2024
BLIP	**₱234,911,019**	₱267,199,347
CLIP	**62,488,421**	61,031,000
HCA	**102,049,916**	95,346,855
	₱399,449,356	₱423,577,202

16. Benefits and Claims Incurred

This account consists of benefits and claims arising from the following insurance contracts:

	2025	2024
BLIP	**₱69,303,968**	₱74,867,721
CLIP	**20,061,037**	18,566,748
HCA	**31,787,677**	26,549,950
	₱121,152,682	₱119,984,419

17. Commission Fees

This account consists of commission fees from:

	2025	2024
Admission fees	**₱20,645,850**	₱22,396,313
CLIP	**18,746,016**	18,309,300
BLIP	**11,743,912**	13,359,967
HCA	**5,102,461**	4,767,343
	₱56,238,239	₱58,832,923

In accordance with the contract service agreements with collecting institutions such as PPFC and Pagasa ng Masang Pinoy Microfinance, Inc. (PMPMI), the Association is charged commission fees for these institutions' services rendered in collecting the contribution of members in different locations.

18. General and Administrative Expenses

This account consists of:

	Note	**2025**	2024
Impairment loss	6	**₱41,017,841**	₱–
Transaction costs		**34,240,994**	26,768,302
Salaries, wages and allowances		**18,022,756**	15,424,110
Training and seminars		**12,227,425**	17,374,741
Provision for probable losses	13	**10,417,213**	11,838,039
Travel and transportation		**7,444,054**	10,281,667
Printing, stationery and supplies		**4,737,056**	2,986,726
Retirement expense	14	**4,450,119**	–
Documentary stamp tax		**3,907,820**	3,816,781
Professional fees		**3,776,545**	1,512,325
Annual general assembly		**2,633,625**	1,326,739
Representation and entertainment		**1,771,304**	652,245
Taxes and licenses		**1,314,541**	2,977,722
Depreciation and amortization	9	**977,292**	1,148,945
Communication		**969,468**	593,774
Bad debts written off	6	**–**	901,459
Others		**4,977,151**	1,764,440
		₱152,885,204	₱99,368,015

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

19. **Other Income**

This account consists of income earned from:

	Note	**2025**	2024
Gain on sale of financial assets at FVPL	7	**₱1,626,298**	₱332,161
Fair value gain on financial assets at FVPL	7	**676,673**	778,961
Gain on sale of property and equipment	9	**–**	554,984
Others		**34,391**	–
		₱2,337,362	₱1,666,106

20. **Related Party Transactions**

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

		Amount of Transactions		Outstanding Balance			
Nature	Note	**2025**	2024	**2025**	2024	Nature	Terms and Conditions
Due from Related Parties	6						
Entities under common membership							
(1) PPFC		**₱543,236,002**	₱548,963,677	**₱79,175,625**	₱3,425,831	Collection of premiums, membership fees and retirement savings fund	Due and demandable, collectible in cash, noninterest bearing, unsecured; no impairment
(2) PMPMI		**13,773,834**	14,937,519	**1,729,532**	383,706	Collection of premiums, membership fees and retirement savings fund	Due and demandable, collectible in cash, noninterest bearing, unsecured; no impairment
				₱80,905,157	₱3,809,537		
Due to Related Parties	13						
Entities under common membership							
(1) PPFC		**₱259,204,670**	₱291,802,879	**₱45,427,163**	₱40,865,286	Payment of claims and expenses	Due and demandable, payable in cash, noninterest bearing, unsecured
(2) PMPMI		**6,637,217**	6,501,595	**683,124**	282,359	Payment of claims and expenses	Due and demandable, payable in cash, noninterest bearing, unsecured
				₱46,110,287	₱41,147,645		

Due from related parties pertain to receivables from PPFC and PMPMI representing member contributions and premiums collected on behalf of the Association.

Due to related parties pertain to payables to PPFC and PMPMI for commission fee, claims payment, transaction costs and other expenses paid by PPFC and PMPMI on behalf of the Association.

Compensation of Key Management Personnel

The compensation of key management personnel amounting to ₱1.5 million and ₱2.5 million in 2025 and 2024, respectively, pertains to short-term employee benefits.

21. 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 amounting to ₱4.1 million and ₱2.4 million in 2025 and 2024, respectively.

22. Insurance and Financial Risks Management

Governance

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 ₱0.5 million 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 at December 31, 2025 and 2024, the Association's MOS based on its calculations amounted to ₱160.1 million and ₱137.9 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 December 1, 2025, IC has verified the 2024 Annual Statements submitted by the Association. The surplus available for MOS for the Association follows:

	2025	2024
Admitted assets	**₱1,063,773,095**	₱917,399,463
Admitted liabilities	**903,665,603**	779,501,270
Net worth	**₱160,107,492**	₱137,898,193

The final amount of the net worth 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.

As at December 31, 2025 and 2024, the non-admitted assets for 2025 and 2024 of the Association's life operations, as defined under the Code, which are included in the accompanying statement of financial position follows:

	2025	2024
Cash and cash equivalent	**₱–**	₱1,460,795
Financial assets at FVPL	**21,082,410**	21,496,052
Short-term investment	**–**	10,965,513
Loans and receivable	**3,821,871**	1,873,123
Property and equipment	**1,373,251**	1,220,076
Other assets	**–**	5,887,692
	₱26,277,532	₱42,903,251

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 microinsurance mutual benefit association, the Association is required to maintain a guaranty fund amounting to ₱5.0 million, and every year thereafter, increase its guaranty fund by an amount equivalent to 5.00% of gross premium collections until the amount of the guaranty fund reaches 25.00% of the required net worth for existing domestic life insurance companies.

The guaranty fund shall be deposited with the IC in cash, or in government securities with a total value equal to such amount. As at December 31, 2025 and 2024, the Association has restricted investments of ₱122.9 million and ₱92.9 million, respectively, with the Bureau of Treasury to cover for any valid benefit claim of any of its members (see Note 8).

The amount transferred from general fund to guaranty fund reserves amounted to ₱30.1 million and ₱92.9 million in 2025 and 2024, respectively.

The amount transferred to general fund from guaranty fund reserves amounted to nil and ₱79.3 million, respectively.

As at December 31, 2025 and 2024, the guaranty fund amounted to ₱122.9 million and ₱92.9 million, respectively. Based on management's assessment, the Association did not meet the minimum guaranty fund requirement prescribed by the IC as of those dates. The determination of the final deficiency, if any, remains subject to the IC's examination of the Association's accounts and its assessment of the admissibility of assets and liabilities in accordance with applicable rules and regulations. Any resulting deficiency will be addressed through additional investments in the guaranty fund and other appropriate measures in the succeeding year upon finalization of the required amount.

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 2025 and 2024 since the Association's free and unassigned fund balance is not more than 20% of its total liabilities.

Risk-Based Capital (RBC) Requirements
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:

	2025	2024
Net worth	**₱160,107,492**	₱137,898,193
RBC requirement	**60,944,830**	50,144,797
RBC ratio	**263%**	275%

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 Association's insurance portfolio consists primarily of microinsurance products offered to members through the branch network of affiliated institutions. Because the products provide relatively low benefit amounts to a large number of members, the Association manages insurance risk through portfolio diversification, standardized underwriting requirements, periodic actuarial reviews, and continuous monitoring of claims experience. Insurance reserves are established based on actuarial valuation and management's assessment of emerging claims experience to ensure that benefit obligations can be met as they fall due.

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 Associations 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 Associations 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 Associations 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 Associations 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 though profit or loss (FVPL), loans and receivables, HTM investments, retirement savings fund accounts payable and accrued expenses. The main purpose of these financial instruments is to finance its operations.

As at December 31, 2025 and 2024, due to the short-term nature of transactions, the carrying amounts of cash and cash equivalents, short-term investments, loans and receivables, retirement savings fund and accounts payable and accrued expenses approximate their fair values.

As at December 31, 2025 and 2024, the fair values of the 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 at December 31, 2025 and 2024, the fair value of the HTM investments amounted to ₱123.0 million and ₱92.9 million, respectively.

Financial Risks
The Association is exposed to financial risk through its financial assets, financial liabilities and insurance contract 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:

	2025	2024
Related parties	**₱80,905,157**	₱3,809,537
Unrelated parties	**1,038,371,689**	944,234,429
	₱1,119,276,846	₱948,043,966

The table below provides information regarding the credit risk exposure of the Association by classifying assets according to the Association's credit ratings of counterparties as at December 31, 2025 and 2024.

	2025			
	Neither Past-Due nor Impaired			
	Investment Grade	**Non-investment Grade**	**Past Due and Impaired**	**Total**
Cash and cash equivalents*	**₱776,411,044**	**₱–**	**₱–**	**₱776,411,044**
Short-term investments	**11,076,387**	**–**	**–**	**11,076,387**
Financial assets at FVPL	**82,172,724**	**–**	**–**	**82,172,724**
Loans and receivables	**85,656,374**	**–**	**41,017,841**	**126,674,215**
Held-to-maturity investments	**122,942,476**	**–**	**–**	**122,942,476**
	₱1,078,259,005	**₱–**	**₱41,017,841**	**₱1,119,276,846**

**Excluded cash on hand*

	2024			
	Neither Past-Due nor Impaired			
	Investment Grade	Non-investment Grade	Past Due and Impaired	Total
Cash and cash equivalents*	₱788,098,197	₱–	₱–	₱788,098,197
Short-term investments	10,965,513	–	–	10,965,513
Financial assets at FVPL	47,185,794	–	–	47,185,794
Loans and receivables	8,926,422	–	–	8,926,422
Held-to-maturity investments	92,868,040	–	–	92,868,040
	₱948,043,966	₱–	₱–	₱948,043,966

**Excluded cash on hand*

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.

Past Due and Impaired - These pertain to financial assets for which collection is doubtful and for which an allowance for impairment is recognized based on management's assessment of recoverability.

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 at December 31, 2025 and 2024, 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:

	2025					
	Up to one year	**1-3 years**	**3-5 years**	**Over 5 years**	**No term**	**Total**
Financial Assets						
Cash and cash equivalents	**₱776,441,044**	**₱–**	**₱–**	**₱–**	**₱–**	**₱776,441,044**
Short-term investments	**11,076,387**	**–**	**–**	**–**	**–**	**11,076,387**
Financial assets at FVPL	**82,172,724**	**–**	**–**	**–**	**82,172,724**	**82,172,724**
Loans and receivables	**85,656,374**	**–**	**–**	**–**	**–**	**85,656,374**
HTM investments	**122,942,476**	**–**	**–**	**–**	**–**	**122,942,476**
	₱1,078,289,005	**₱–**	**₱–**	**₱–**	**₱82,172,724**	**₱1,078,289,005**
Financial liabilities						
Accounts payable and accrued expenses*	**₱67,685,564**	**₱–**	**₱–**	**₱–**	**₱–**	**₱67,685,564**
Retirement savings fund	**–**	**–**	**–**	**–**	**264,129,833**	**264,129,833**
	₱67,685,564	**₱–**	**₱–**	**₱–**	**₱264,129,833**	**₱331,815,397**

**Excluding provision for probable losses and statutory payables*

	2024					
	Up to one year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial Assets						
Cash and cash equivalents	₱788,147,726	₱–	₱–	₱–	₱–	₱788,147,726
Short-term investments	10,965,513	–	–	–	–	10,965,513
Financial assets at FVPL	–	–	–	–	47,185,794	47,185,794
Loans and receivables	8,926,422	–	–	–	–	8,926,422
HTM investments	92,868,040	–	–	–	–	92,868,040
	₱948,093,495	₱–	₱–	₱–	₱47,185,794	₱948,093,495
Financial liabilities						
Accounts payable and accrued expenses	₱46,641,942	₱–	₱–	₱–	₱–	₱46,641,942
Retirement savings fund	–	–	–	–	230,562,131	230,562,131
	₱46,641,942	₱–	₱–	₱–	₱230,562,131	₱277,204,073

**Excluding provision for probable losses and statutory payables*

The carrying amounts of the Association's financial liabilities approximate their undiscounted contractual cash flows due to their short-term nature. Accordingly, no significant differences exist between the carrying amounts and the amounts expected to be settled.

Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The Association's exposure to market risk arises primarily from interest rate movements affecting its interest-bearing financial assets and price movements affecting its investments in equity securities and investment funds. The Association has no significant exposure to foreign currency risk.

The Association manages market risk through investment policies approved by the Board of Trustees. Investments are diversified among bank deposits, government securities, and selected equity investments while maintaining sufficient liquidity to meet benefit obligations and complying with the investment limitations prescribed by the Insurance Commission.

Currency Risk
The Association has no significant financial assets, financial liabilities, or transactions denominated in foreign currencies. Accordingly, it is not exposed to significant foreign currency risk.

Price Risk
Price risk arises from investments in equity securities and investment funds classified as financial assets at fair value through profit or loss. The Association manages this risk through diversification of its investment portfolio and regular monitoring of market conditions. Changes in fair value are recognized in profit or loss.

Interest Rate Risk
The Association's exposure to interest rate risk arises primarily from interest-bearing deposits, short-term investments, and government securities. Management monitors market interest rates and investment maturities to optimize investment returns while maintaining adequate liquidity to meet the Association's obligations. All interest-bearing financial assets mature within one year, except where otherwise disclosed.

The following table shows the information relating to the Association’s interest-bearing financial instruments as at December 31, 2025 and 2024 presented by maturity profile.

	2025		
	Range of interest rate	**Up to a year**	**Over one (1) year**
Cash and cash equivalents	**1.05% - 5.5%**	**₱776,441,044**	**₱–**
Short-term investments	**0.25% - 1.25%**	**11,076,387**	**–**
HTM investments	**5.68%**	**122,942,476**	**–**
Other receivables	**6%**	**1,714,953**	**–**
Total financial assets		**₱912,174,860**	**₱–**

	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	–
HTM investments	4.24%	92,868,040	–
Other receivables	6%	1,500,062	–
Total financial assets		₱893,481,341	₱–

The Association's exposure to interest rate risk is limited as its financial assets and liabilities are predominantly subject to fixed interest rates. Accordingly, management assessed that the effect of reasonably possible changes in interest rates is not material and, therefore, no sensitivity analysis has been presented.

Deferral of PFRS 9

The Association availed of the temporary exemption from the application of PFRS 9, *Financial Instruments*, as permitted under the amendments to PFRS 4, *Insurance Contracts*. Accordingly, the Association continues to apply PAS 39, *Financial Instruments: Recognition and Measurement*.

Management has assessed that the Association's activities are predominantly connected with insurance as at the reporting date and, therefore, qualifies for the temporary exemption from PFRS 9.

The Association did not reassess its eligibility for the temporary exemption during the years ended December 31, 2025 and 2024 as there were no significant changes in its activities.

The following table presents the fair values of the Association's financial assets as at December 31, 2025 and 2024, and the changes in fair values during the reporting period, grouped based on whether the contractual cash flows represent solely payments of principal and interest (SPPI).

		2025			
		Financial assets that meet the SPPI criteria		**All other financial assets**	
	Note	**Fair Value**	**Fair Value Change during the Reporting Period**	**Fair Value**	**Fair value Change during the Reporting Period**
Cash and cash equivalents*	4	**₱776,411,044**	**₱–**	**₱–**	**₱–**
Short-term investments	5	**11,076,387**	**–**	**–**	**–**
Loans and receivables	6	**85,656,374**	**–**	**–**	**–**
HTM investments	8	**122,942,476**	**–**	**–**	**–**
		₱996,086,281	**₱–**	**₱–**	**₱–**

**Excluding cash on hand.*

		2024			
		Financial assets that meet the SPPI criteria		All other financial assets	
	Note	Fair Value	Fair Value Change during the Reporting Period	Fair Value	Fair value Change during the Reporting Period
Cash and cash equivalents*	4	₱788,098,197	₱–	₱–	₱–
Short-term investments	5	10,965,513	–	–	–
Loans and receivables	6	8,926,422	–	–	–
HTM investments	8	92,868,040	–	–	–
		₱900,858,172	₱–	₱–	₱–

**Excluding cash on hand.*

23. Current and Noncurrent Classification of Assets and Liabilities

The tables below show the analysis and classification of assets and liabilities as at December 31, 2025 and 2024 based on current and noncurrent presentation:

	2025			2024		
	Current	**Noncurrent**	**Total**	Current	Noncurrent	Total
Assets						
Cash and cash equivalents	**₱776,441,044**	**₱–**	**₱776,441,044**	₱788,147,726	₱–	₱788,147,726
Short-term investments	**11,076,387**	**–**	**11,076,387**	10,965,513	–	10,965,513
Financial assets at FVPL	**82,172,724**	**–**	**82,172,724**	47,185,794	–	47,185,794
Loans and receivables	**85,656,374**	**–**	**85,656,374**	8,926,422	–	8,926,422
HTM investments	**122,942,476**	**–**	**122,942,476**	92,868,040	–	92,868,040
Property and equipment	**–**	**11,625,122**	**11,625,122**	–	11,960,594	11,960,594
Other asset	**–**	**136,500**	**136,500**	–	248,625	248,625
Total Assets	**₱1,078,289,005**	**₱11,761,622**	**₱1,090,050,627**	₱948,093,495	₱12,209,219	₱960,302,714
Liabilities						
Insurance contract liabilities	**₱544,234,642**	**₱–**	**₱544,234,642**	₱485,174,052	₱–	₱485,174,052
Retirement savings fund	**264,129,833**	**–**	**264,129,833**	230,562,131	–	230,562,131
Accounts payable and accrued expenses	**90,851,009**	**–**	**90,851,009**	59,633,787	–	59,633,787
Retirement benefits liability	**–**	**4,450,119**	**4,450,119**			
Total Liabilities	**₱899,215,484**	**₱899,215,484**	**₱903,665,603**	₱775,369,970	₱–	₱775,369,970

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

The information for 2025 required by Revenue Regulations No. 15-2010 is presented below.

Value Added Tax (VAT)
The Association's transactions with its members are not subject to VAT.

Documentary Stamp Tax (DST)
The Association paid ₱3,907,820 in documentary stamp taxes on fidelity bonds and life insurance policies for the year 2025.

Other Local and National Taxes
Other local and national taxes paid by the Association consist of:

Business permit and clearance	₱698,350
Registration fee	290,200
Percentage tax	325,991
	₱1,314,541

The above local and national taxes are classified as "Taxes and licenses" under "General and administrative expenses" account in the statement of comprehensive income.

Withholding Taxes
Withholding taxes paid and accrued by the Association for the year ended December 31, 2025 are as follows:

	Paid	Accrued
Expanded withholding tax	₱1,525,630	₱382,551
Withholding tax on compensation	95,157	127,907
	₱1,620,787	₱510,458

Accrued withholding taxes are presented as part of "Statutory payables" under "Accounts payable and accrued expenses" account in the statement of assets, liabilities and fund balance..

Tax Assessment and Case
The Association has no pending deficiency tax assessment from the BIR and tax case in courts or other regulatory bodies outside of the BIR.