CARD, INC. (A MICROFINANCE NGO)
ANNUAL REPORT 2022
SAMA-SAMANG PAGSULONG
PAGPUPUGAY NG MGA PUSONG NAGDIRIWANG AT NAGPAPASALAMAT

CONTENTS

ABOUT THE COVER

In the past two years, we braved every challenge with a humble heart and a resilient mindset. While the recent global health crisis drove us into isolation–demanding us to change the way we normally do things–we took it as an opportunity to rediscover and reflect on our purpose of being. Like a seed buried into the deep earth, we found strength in the challenge to break out into the ground.

This 2022, we embarked on a journey towards recovery. We are again in full bloom.

Sama-samang pagsulong: Pagpupugay ng mga pusong nagdiriwang at nagpapasalamat (Moving forward together: A tribute from reverent and grateful hearts), this annual report's theme, captures our sentiment for all institutions and people, both clients and staff, who helped us achieve the many successes for every Filipino family. We take every step forward as a cause for celebration, a reason to be grateful.

The petals on the cover represent the stories of how we bounced back. The festive colors and lines signify each of our member-institutions, connecting at a certain point, ensuring that we continue to remain as institutions that mutually support and reinforce one another.

Moreover, throughout the pages of the report, the products of CARD MRI clients are featured – from food items to souvenir products, to clothing – as we pay homage to their strength and dedication, their artistries, and their stories.

CARD MRI keeps a grateful heart that never falters to serve and empower people as we achieve a poverty-free Philippines.

VISION

CARD, Inc. (A Microfinance NGO) is a world-class leader in microfinance and community-based social development undertakings that improves the quality of life of socially-and-economically challenged women and families towards nation building.

MISSION

CARD, Inc. (A Microfinance NGO) is committed to:

- Empower socially-and-economically challenged women and families through continuous access to financial, microinsurance, educational, livelihood, health and other capacity-building services that eventually transform them into responsible citizens for their community and the environment;
- Enable the women members to gain control and ownership of financial and social development institutions; and
- Partner with appropriate agencies, private institutions, and people and community organizations to facilitate achievement of mutual goals.

A TRIBUTE TO OUR TRIUMPHS

DR. JAIME ARISTOTLE B. ALIP
CARD MRI FOUNDER
AND CHAIRMAN EMERITUS

Grateful. If there was a single word I can use to summarize what the year 2022 was for CARD, Inc. (A Microfinance NGO), [CARD, Inc. for brevity] then that would be grateful. Since 2020, CARD, Inc. has encountered numerous challenges, such as the COVID-19 pandemic, that had the potential to adversely affect and hinder our services to the millions of our clients and communities throughout the Philippines. In response to these uncertainties, CARD, Inc. made great strides to quickly strengthen and adapt to the new normal for us to continue providing our integrated microfinance and social development services, especially to the families who needed help during those trying times. Now, after two years, I am proud to say that we have successfully overcome these challenges and have gained quite substantial accomplishments in turn, thanks in large part to the collective dedication of our institutions, staff, and clients.

I am thankful that CARD, Inc.'s business of poverty eradication continues to prosper. During the span of two years under a pandemic, our microfinance institutions took the risk to continue growing and providing their financial and non-financial services to our existing clients as well as to the new communities we expanded in. It is invigorating to know that this risk-taking bore fruit and now more Filipino families have access to CARD, Inc. Of course, we also remained consistent with giving importance to capacity-building throughout our institutions and communities and thus, we continued to organize and provide learning opportunities for both our clients and staff. Finally, we also strived to establish more digitally-empowered communities so that the delivery of services and access to CARD, Inc. is more efficient and convenient to our clients. Our early investment in digital transformation was a major factor in these successes, and so I am also quite grateful that we made this significant leverage in the past years.

Our accomplishments in the year 2022 are a testament to the strong and collective spirit we have built with our clients and communities. Had it not been for the relationship and trust we fostered throughout the years, I believe we would not have been able to achieve as much as we have during this pandemic. I am truly humbled to know how CARD MRI's core values guided our staff in their duties, and made a positive effect. I am also grateful to witness how much of an impact we have made in the lives of our clients and their families.

Moving forward, I hope our connection with our communities continues to blossom as CARD MRI expands throughout the Philippines. Staying true to our course is crucial in our line of work, and knowing who we do all this for is the key to that. Rest assured, I will do everything in my capacity to guide CARD, Inc.'s strategic direction and management. As our time in the pandemic hopefully draws to a close, I'm enthusiastic to imagine what more we can build and achieve in the years to come, now that a triumphant and united CARD, Inc. has emerged, ready and eager to serve the Filipino people.

THE KEY TO SUCCESS

ARISTEO A. DEQUITO
CARD MRI MANAGING DIRECTOR/ PRESIDENT

CARD, Inc. (A Microfinance NGO), [CARD, Inc. for brevity] ends the year 2022 with celebration and thanksgiving. After overcoming the challenges we have faced, we have emerged triumphant and jubilant. The duty of CARD, Inc. to provide integrated microfinance and social development services to our clients and communities was unimpeded, and our goal to widen our reach to more underserved areas in the Philippines vigorously continued. Being united in a common goal was our key to success, and the great results from all our work this year are a testament to that.

This year, CARD, Inc. successfully continued to expand our presence throughout the country. CARD, Inc., which now has a total of 1,271 unit offices across the country, was able to serve a total of 2,430,075 clients this year. CARD, Inc's expansion in island municipalities and barangays also continued. These units were able to assist a total of 211,848 families. In addition to this, a total of 510,275 clients/ families have been served through CARD, Inc.'s Development Services for the Hardcore Poor (DHSP) program. CARD, Inc.'s expansion in Mindanao has also prospered thanks to the continuous roll-out of our Paglambo project. This Shari'a-inspired financial assistance program is currently being implemented serving 78,540 clients.

CARD, Inc. owes our successes in significant part to our adoption of digital initiatives. We saw how our services and operations became more efficient and accessible to our clients and communities. CARD, Inc. has continued the rollout of its chatbot platform, CARD, Inc. Loan Application (CARLA). As of December, 854 unit offices are already utilizing CARLA for more convenient loan applications.

Our push for the full integration of konek2CARD Plus, our mobile application, resulted in a total of 115,286 registered clients and 268 agents. It allows CARD, Inc. clients to access features such as viewing of savings and loan information, client-initiated payment, agent-assisted payment, cash-in, cash-out, and fund transfer.

Working with other like-minded organizations is essential in the business of poverty eradication. This year, our prosperous partnership with the Aboitiz Foundation has resulted in seven partners availing loan funds from CARD amounting to PHP 15.05 million while 11,885 microfinance clients were served under the adopt-a-branch program. CARD, Inc. is thankful for the opportunities to create and foster more meaningful relationships and opportunities with organizations who are aligned with our mission and vision.

The year 2022 was also a time of recognition for CARD, Inc. and our clients and communities. Our microfinance NGO placed 42nd in the first edition of the Philippines' Best Employers List for 2023, while it leads the employer in the Economy, Politics, and NGO category.

Braving another Tomorrow

As CARD, Inc. prepares to face another year this 2023, we are once again thankful for how far we have come after more than 30 years of our work in microfinance and development. Throughout all those years, we have gained many valuable lessons, most recently from the pandemic, and we shall strive to continue to learn from all our experiences in the many years to come. One constant insight though seems to still ring true for us; the importance of our connection with our clients and communities. Being one with the people we serve was our key to success, and now that another door of opportunities has opened before us, rest assured CARD, Inc. shall bravely enter it, knowing that we have our clients and communities closely by our side.

KEEPING IN TOUCH

At CARD, Inc. (A Microfinance NGO), [CARD, Inc. for brevity] we truly believe that communication is vital in our line of work. Maintaining a connection with our clients not only allows us to know and address their different needs, but it also allows us to build trust and a sense of wholeness with our clients and communities across the Philippines. Understanding the clients' varying situations and plights can only be done through sincere dialogue and engagement. We made sure that our presence is felt on the ground, and through this we were able to adjust our policies and strategies, and streamline our processes and services so that many of them will still be encouraged to begin anew and overcome their difficulties. Our time under this pandemic has really illuminated communication's importance, and I believe that it was the number one factor in our successful recovery this year.

LORENZA DT. BAÑEZ
CARD, INC. (A MICROFINANCE NGO)
CHAIRPERSON

Our staff, of course, understood this as well. They were tireless and committed in keeping in touch with our clients during these past two years. CARD, Inc. management and staff made sure to keep themselves abreast of the situation in the grassroots. Because of communication – be it through online means or community visits, we were able to hear our clients' concerns and respond accordingly. Through this our clients and communities saw our determination and sincerity to help. Our clients recognize CARD, Inc. as a support system for their upheaval from the pandemic.

It is also through communication that we were able to establish a unified objective with our clients. Because of our cooperation and commitment, our institution and our clients uplifted each other from the situation we were at the start of the pandemic. Moreso, by ensuring a common understanding, we were able to ensure that our core values are retained and exemplified not only by our staff but also by our clients.

Communication was the glue that held us together these past two years; and now as we close another chapter in our story as CARD MRI's first microfinance institution, CARD, Inc. remains resolute in our dedication to poverty eradication. We will continue to expand and magnify our client outreach while still maintaining a positive rapport with the millions of Filipino families that have trusted us as a partner and guide in their journey towards a better life.

A TIME FOR GRATITUDE

The Center for Agriculture and Rural Development (CARD), Inc. (A Microfinance NGO), [CARD, Inc. for brevity] is on a rebound in 2022. After facing major challenges such as several natural calamities and the COVID-19 pandemic since 2020, we found ourselves in jubilation as we came out stronger and better as an institution.

The challenges we faced drastically affected not only our institution, but also the lives of all Filipinos across the country. These events truly tested our efforts in continuously expanding and providing our microfinance and social development services to our clients and to the many underserved communities throughout the Philippines. Despite the odds seemingly stacked against us, we were able to persevere and adapt to these challenges brought before us.

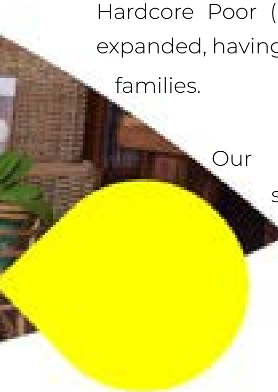
First and foremost, CARD, Inc. was the first among CARD MRI's financial institutions that were able to fully recover. Finances became a priority concern for Filipino families during this time due to the grave effects it had on their livelihoods. We recognized our Nanays' determination to recover from their dire situation, and thus we immediately made sure to quickly mobilize and adapt our services for them. Thanks to our proactive endeavors, CARD, Inc. was able to serve more than 2.4 million clients, with about 66% of them currently with active loans. Many existing clients were also reactivated and new clients were encouraged to join this year. Repayment, in turn, also recovered

VICENTE P. BRIONES JR.
EXECUTIVE DIRECTOR

as our clients were able to revitalize their businesses or start new livelihoods through our support. Moreover, CARD, Inc. was able to exceed its performance and fortify its financial condition. As of December, our loan disbursement this year amounted to PHP 3 billion with almost PHP 12 billion loans still outstanding. With these results, CARD, Inc. can proudly claim that our recovery strategy these past two years was an overwhelming success.

"CARD, Inc.'s operations during these past two years also put an emphasis on keeping a constant line of communication with our clients and communities."

Nationwide expansion also remained a priority, with CARD, Inc. being able to establish a total of 1,271 unit offices with 511 units in Luzon, 303 units in Visayas, and 457 units in Mindanao. Our campaign to reach far-flung communities was also widened this year with a cumulative total of 144 units currently serving islands and distant areas in Mindoro, Polillo, Catanduanes, Palawan, Romblon, Batanes, Leyte, Samar, Cebu, Bohol, Capiz, Tawi-Tawi, Sulu, Iloilo, Panay, and Masbate. Units in these specific areas have assisted more than 211,000 families and have a loan portfolio of PHP 1 billion. Meanwhile, our Development Services for Hardcore Poor (DSHP) program was also expanded, having served more than 510,000 families.



Our existing programs and services have also continued to flourish this 2022. Both our Quick SME Loan (QSL) and Special Agri Loan Program have assisted a total of 6,415 clients from 41 selected units. These programs accumulated a total loan portfolio amounting to PHP 292.7 million and a capital build-up amounting to PHP 66 million. Meanwhile, our Shari'ah-inspired Paglambo financial assistance program was continuously implemented in 54 units located in the provinces of Basilan, Sulu, Tawi-Tawi, Maguindanao, Cotabato, Lanao del Sur, and Zamboanga del Sur. This program has assisted a total of 78,540 clients and has loan outstanding amounting to about PHP 396.5 million and capital build-up amounting to PHP 183 million. The implementation of our remittance service, CARD Sulit Padala, has also continued helping our clients with easier payments and money transfers. With 534 remittance outlets now present in our areas of coverage, this service was able to facilitate 67,940 pay in and pay out remittance transactions amounting to PHP 952 million.

Aside from our existing financial programs and services, our recovery strategy allowed us to introduce additional options for financial support to our clients who were severely hampered by the pandemic. This is where our recovery loan services come in. Through this initiative, our clients were able to access financial assistance such as our calamity loans so that they can address their immediate needs or revive their livelihoods so that they can recover and in time, repay their previous loans. Another loan initiative we took was through our loan restructuring. Through close consultation with our clients, we were able to determine which particular loans they were able to repay and prioritize during the pandemic. Changes in our loan renewal policies were also implemented so that those who were able to repay at least 70% of their existing loans will still be able to renew their loans from CARD, Inc. We are proud to know that these adjustments allowed our clients to recuperate their finances and rebuild their lives despite of the challenges they endured.

CARD, Inc. has also continued to simplify and speed up our processes through our digital initiatives. For example, CARD, Inc. clients can easily apply for their loans from their mobile devices through our CARD, Inc. Loan Application (CARLA) ChatBot platform. As of December, there are 151 areas with 854 unit offices already utilizing CARLA chatbots which released a total of 31,719 loans amounting to PHP 264.7 million. One simple but effective way we improved our processes was through the use of group chats in Facebook Messenger. Through this method our staff were able to maintain an immediate and constant line of dialogue with our clients and center groups.

As aligned with CARD MRI's recovery strategy, CARD, Inc.'s operations during these past two years also put an emphasis on keeping a constant line of communication with our clients and communities. Aside from the hindrances brought on by the pandemic, we also saw the various opportunities and alternative means through which we could reach and help more clients and communities. Our experiences during the initial year of the pandemic showed how challenging it would be to interact conventionally with our clients because of the restrictions, and thus we made sure to prioritize and adapt how we maintain our connection with them during this time. Social media became an essential communication tool for us. One particular initiative through which we utilized this was through our continued use of CARD MRI's Ugnayan and Kwentuhan social media page which served as a hub for announcements, community discussions, and client feedback. These were some of the major highlights that had a significant effect in our speedy recovery this 2022. With these inspiring results, CARD, Inc. is now emboldened to intensify our efforts in reaching more underserved Filipino families and eradicating poverty.

CARD, Inc. values the commitment of our staff and clients when it comes to their growth and development, especially during this pandemic. We saw, in particular, how motivated our field staff were in doing their duties, despite the risks and restrictions during the early years of pandemic. Thus, we at the management also made sure to keep supporting them through communication and visits so that they will always know that they have CARD, Inc. standing right beside them. Our staff knew how crucial their roles were in the recovery of not only the institution but also of our communities. If not for their determination, CARD, Inc. would not have been able to do its duties and overcome the challenges we faced during the past two years. We are truly grateful to have dedicated group of staff who are devoted to our collective mission of poverty eradication.

As we enter another year this 2023, CARD, Inc. remains true to form by still focusing on our client outreach throughout the Philippines. We will also continue all our successful initiatives and introduce new innovations as well. More so, CARD, Inc. will also prioritize reaching out to existing clients who went inactive because of the pandemic. We aim to encourage at least 80% of our clients to active and be provided with loans. Another initiative we will continue next year will be the continued integration of our Core Microfinance System and konek2CARD in our operations. We are looking forward to konek2CARD's integration to CARD, Inc. as it will streamline the tasks of our staff in the field. These are but some of the major strategies we are taking this coming year, but rest assured we at CARD, Inc. shall always strive to become a better institution through the utilization of digital transformation.

Finally, we would like to take this moment to express our immense gratitude to our clients and communities who remained with us despite the many difficulties they faced. We are thankful for their trust and support for the initiatives we have pushed these past two years. They understood and were eager themselves to adapt to the major changes brought upon by the pandemic. CARD, Inc. is gratified to know that the core values we instilled in them has transformed them into responsible citizens who are eager and optimistic in uplifting their lives. Of course, we are also grateful to our staff who have made great sacrifices in their lives in order to fulfill their responsibilities to our clients and communities. Their commitment to our mission and vision is truly inspiring, and rest assured that we at management will make sure to support and strengthen them in the years to come.

As the whole country recovers and anticipates the end of this pandemic, we are grateful for the opportunities and successes we have garnered all in the service of the Filipino people. We stay eager and committed to do our part in helping our fellow citizens in getting back up on their feet. while also staying true to CARD MRI's collective mission and vision of a poverty-free Philippines.

PATHWAY TO SUCCESS

We put so much value on accomplishments and numbers as measures of victory. We often forget that simplicity also serves as our inner strength to reach success. On the contrary, Marites Arevalo from Caraga, Davao Oriental, values simplicity in running her business and living their life. It became a great virtue in her life while taking the path of success.

The value of simplicity is best represented by her business called “Yano Health & Wellness Product.” She used Yano, a Cebuano word that means simple, as it reminds her of her personality and reflects her story.

She produces different goods and products, from snacks like Polvoron and banana chips to oil products such as liniment oil and virgin coconut oil. She also manufactures roasted corn powder, turmeric, and ginger powder, among others – all sealed with simplicity and quality.

While doing her business, Marites has also become a trainer to other aspiring entrepreneurs through the Department of Trade and Industry (DTI), where she shares her business knowledge. She also uses the opportunity of attending business development seminars to learn from other entrepreneurs how to improve her products and keep up with trends that will eventually grow her business.

“As I learn, I am willing to share my knowledge and experience to assist other local enterprises in growing their business, especially in our craft. As much as I can, I will help others to reach their business dreams,” said Marites.

Marites is also a client of CARD, Inc. (A Microfinance NGO), [CARD, Inc. for brevity] which opened the doors to more opportunities for her business. The capital she borrowed from the institution helped her continue her business operation. Aside from this, her products became known in various parts of the country, thanks to Mga Likha ni Inay, the marketing arm of CARD MRI. The institution provided product development, promotions, and marketing services, which allowed her to grow and improve her business.

“I am grateful to CARD because they assisted me to grow my business and even improve the quality of our lives as we strive for success,” Marities concluded.

Her commitment and passion helping the community to also thrive hailed Marites as the institutional winner of CARD, Inc. during the Pagkilala sa Mga Likha ni Inay in December 2022.

Despite achieving business success, Marites remains simple and humble in everything she does. Besides simplicity, Marites believes that her business mission and vision is to keep her workers happy by producing Yano products with love, unity, and transparency. Through these values, they will always be on the pathway to success.

2022 YEAR-END REVIEW

Repayment Rate
99.52%

1,271
Unit Offices

219
Area Offices

43
Regional Offices

PAGLAMBO

Unit Offices
54

Clients
78,540

Capital Build-up
PHP 183,139,806

Loans Outstanding
PHP 396,597,668

Clients with Loans
48,138

SPECIAL AGRI AND QSL PROGRAM

Clients
6,415

Loan Disbursed
PHP 599,731,215

Clients with Loans
5,205

Loan Outstanding
PHP 292,751,947

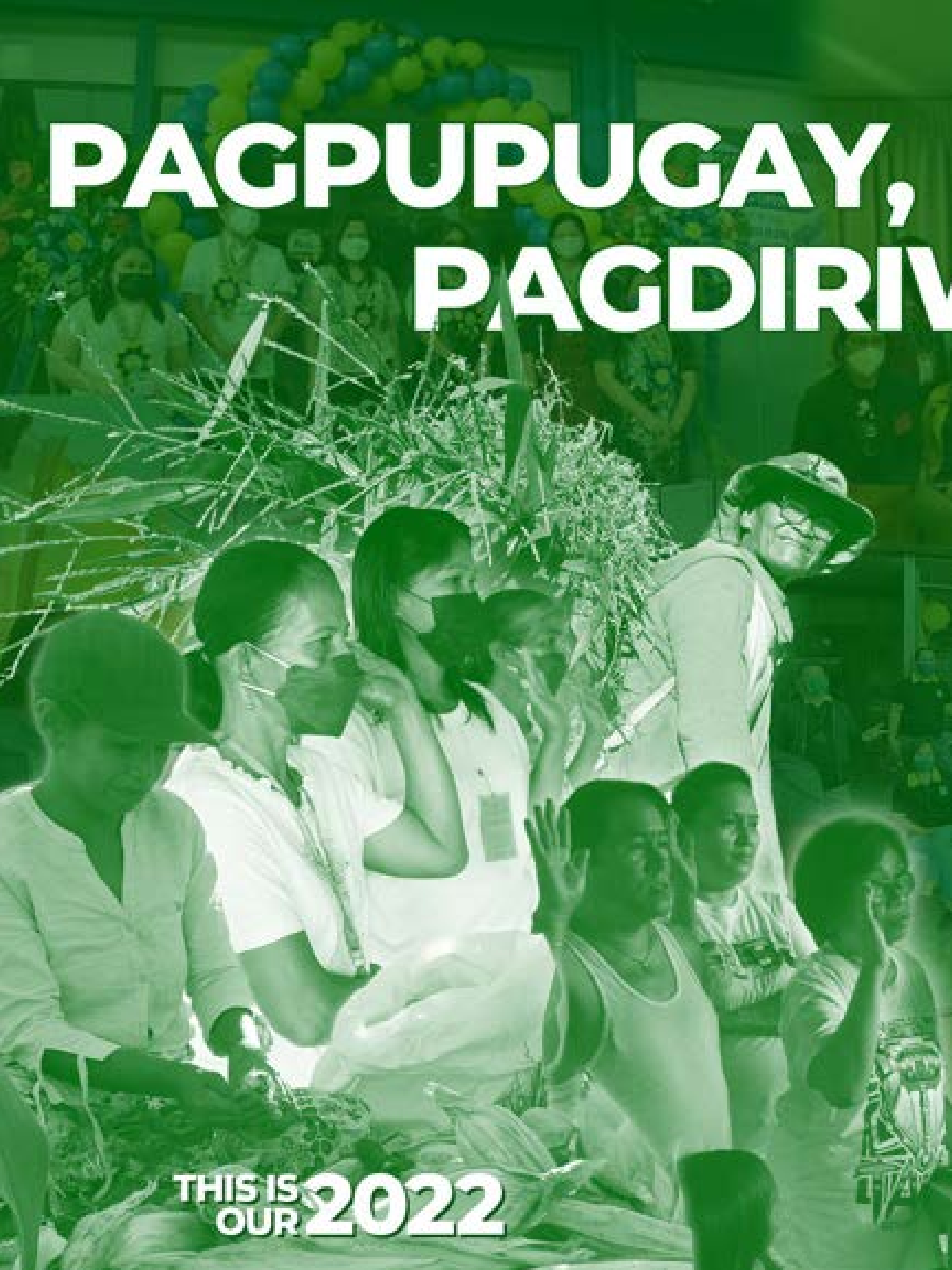
TOTAL ACTIVE CLIENTS
2,430,075

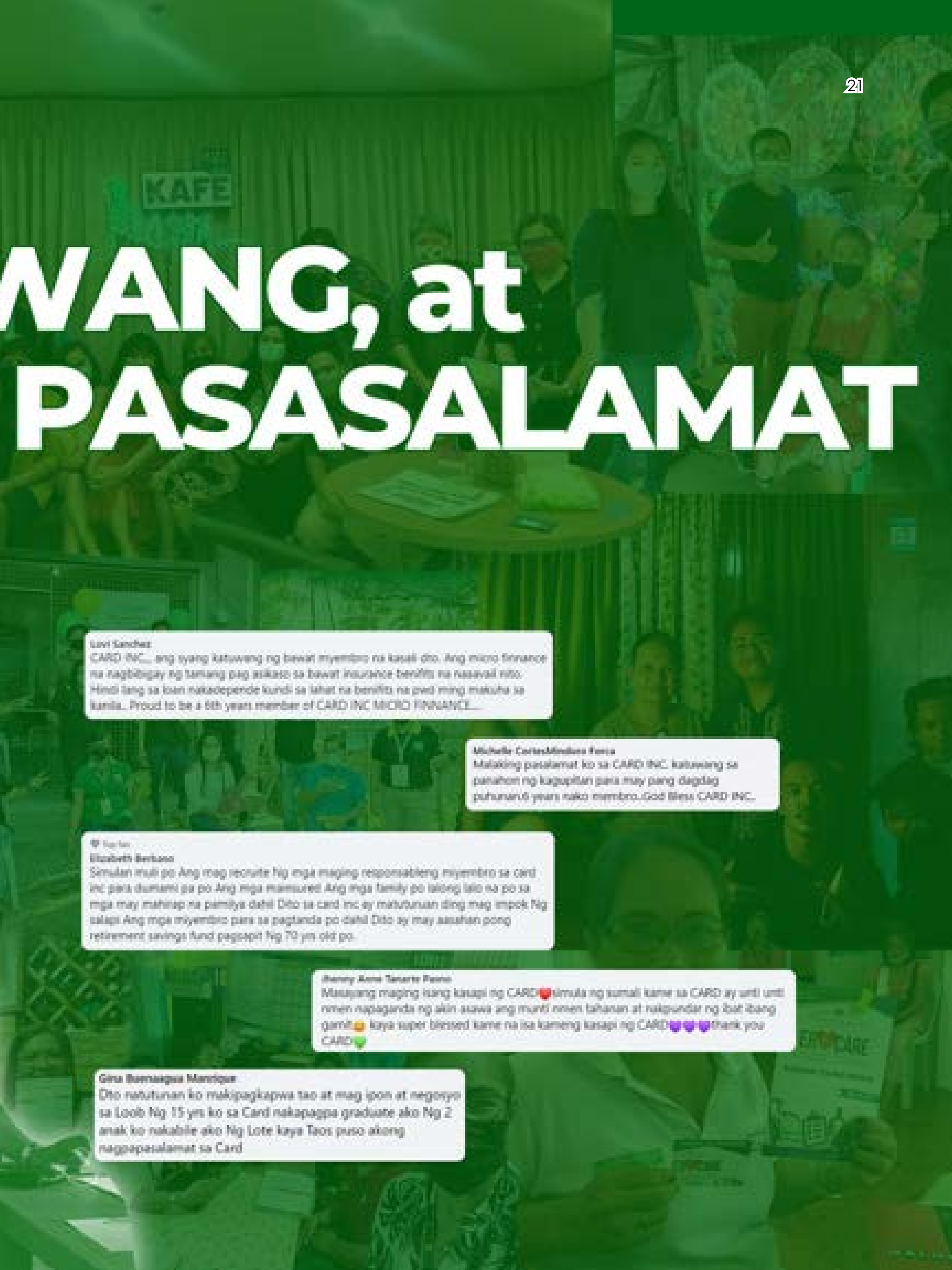
ACTIVE CLIENTS WITH LOANS
1,656,126

LOANS DISBURSED
PHP 3,109,644,304.00

LOANS OUTSTANDING
PHP 11,998,343,869.00

CAPITAL BUILD-UP
PHP 6,327,696,704.00


PAGPUPUGAY,
PAGDIRIV
THIS IS OUR 2022



WANG, at PASASALAMAT

Lovi Sanchez
CARD INC... ang syang katuwang ng bawat myembro na kasali dto. Ang micro finnance na nagbibigay ng tamang pag asikaso sa bawat insurance benifits na nasavail nito. Hindi lang sa loan nakadepende kundi sa lahat na benifits na pwd mong makuha sa kanila.. Proud to be a 6th years member of CARD INC MICRO FINNANCE....

Michelle CortesMindoro Ferca
Malaking pasalamat ko sa CARD INC. katuwang sa panahon ng kagipitan para may pang dagdag puhunan.6 years nako membro..God Bless CARD INC..

Top fan
Elizabeth Berbano
Simulan muli po Ang mag recruite Ng mga maging responsableng miyembro sa card inc para dumami pa po Ang mga mamsured Ang mga family po lalong lalo na po sa mga may mahirap na pamilya dahil Dito sa card inc ay matutunan ding mag impok Ng salapi Ang mga miyembro para sa pagtanda po dahil Dito ay may aasahan pong retirement savings fund pagsapit Ng 70 yrs old po.

Jhenny Anne Tanarte Paano
Masayang maging isang kasapi ng CARD❤️simula ng sumali kame sa CARD ay unti unti nmen napaganda ng akin asawa ang munti nmen tahanan at nakpundar ng ibat ibang gamit😊 kaya super blessed kame na isa kameng kasapi ng CARD💜💜💜thank you CARD💚

Gina Buenaagua Manrique
Dto natutunan ko makipagkapwa tao at mag ipon at negosyo sa Loob Ng 15 yrs ko sa Card nakapagpa graduate ako Ng 2 anak ko nakabile ako Ng Lote kaya Taos puso akong nagpapasalamat sa Card

DR. EPIFANIO A. MANIEBO
Ex-Officio Trustee

ANICETA R. ALIP
Trustee

DR. FLORDELIZA L. SARMIENTO
Trustee

HAYDEE G. EULIN
Trustee/ Member-client

DR. JAIME ARISTOTLE B. ALIP
Founder/ Chairman Emeritus

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Trustee

CARMELITA C. DAPANAS
Trustee/ Member-client

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Vice-Chairperson/ President

JOCELYN D. DEQUITO
Trustee

EFREN C. COSICO
Board Adviser

MARILYN M. MANILA
Trustee/ Corporate Secretary

JOHN P. SEVILLA
Board Adviser

ELMA B. VALENZUELA
Trustee

ANALIZA M. PACOLOR
Trustee/ Member-client

MANAGEMENT COMMITTEE

MANAGEMENT COMMITTEE

Mr. Vicente P. Briones Jr.
Executive Director

Ms. Lyneth L. Derequito
Senior Deputy Executive Director

Ms. Lousel E. Cortes
Deputy Executive Director for Admin and Finance

Ms. Gilnora A. Bahia
Assistant Executive Director

Mr. Josef M. Leron
Director for Compliance

Mr. Alexis N. Garcia
Director for Risk

Mr. Louie P. Silvestre
Operations Director

Ms. Marina A. Sepillo
Operations Director

Mr. Samuel P. Tumbado
Operations Director

Ms. Luzviminda A. Dalisay
Operations Director

Mr. Jowie M. Guevarra
Senior Regional Director

Ms. Maridel A. Manalo
Deputy Director for Compliance

Mr. Alvin M. Villamena
Deputy Executive Director

Mr. Larry Jun B. Barcoma
Assistant Executive Director

Mr. David A. Burgos
Assistant Executive Director

Ms. Lorelie C. Alvero
Director for IT Operation

Mr. Joevill T. Tardio
Senior Operations Director

Ms. Florife T. Reynido
Operations Director

Mr. Welland D. Sales
Operations Director

Mr. Juvy S. Ocate
Operations Director OIC

Mr. Windel B. Dejuras
Senior Regional Director

Mr. Jonathan D. Pondevida
Senior Regional Director

Ms. Maricel L. Lim
Deputy Director for Data Control Center

Ms. Jinky F. Mendoza
Regional Director

Ms. Gina M. Reyes
Regional Director

Mr. Dondon A. Mercado
Regional Director

Mr. Rannel D. Aranda
Regional Director

Ms. Jessica C. Solosa
Regional Director

Ms. Judith D. Yeban
Regional Director

Mr. Freddie B. Cuevas
Regional Director

Mr. Raymond P. Quilit
Regional Director

Mr. Mariano B. Blasco
Regional Director

Mr. Rex M. Mayol
Regional Director

Ms. Raquel M. Bernales
Regional Director

Mr. Froilan Jeoffrey E. Escala
Regional Director

Mr. Ricky J. Reyes
Regional Director

Ms. Ritchel R. Dacillo
Regional Director

Mr. Arlo Von A. Subrean
Regional Director

Mr. Isidro M. Guevarra
Regional Director

Mr. Sandy S. Bulalacao
Regional Director

Mr. Biegear L. Taguiam
Regional Director

Mr. Judy S. Aban
Regional Director

Mr. Norman John R. Bulao
Regional Director

Mr. Argel N. Cabuhal
Regional Director

Ms. Strella H. De Villa
Regional Director

Ms. Ronalyn R. Rosauro
Regional Director

Mr. Emmanuel C. Angeles
Regional Director

OUR PARTNERS

- Aboitiz Foundation, Inc.
- Aboitiz Power Corporation
- ASA Philippines
- Asian Institute of Management
- Banco De Oro (BDO) Unibank, Inc.
- Bank of the Philippine Islands (BPI)
- Cabancalan Urban Poor and Resettlement Multi-Purpose Cooperative
- CAKE Foundation Inc.
- Cebuana Lhuillier
- Christina Family Movement
- Dan Mandiri Sejahtera, Indonesia
- Electronic Commerce Payments, Inc. (EC Pay)
- First Consolidated Cooperative Along Tanon Seabords
- KFarm, Cambodia
- Lamut Multi-Purpose Cooperative
- Land Bank of the Philippines (LBP)
- Mantibugao ARB Farmers Cooperative
- M Lhuillier
- Metropolitan Bank & Trust Company (Metrobank)
- MicroVentures Inc./ Hapinoy
- Negros Women For Tomorrow
- Next Non-Deposit Taking MFI, Laos
  Foundation, Inc. (NWTF)
- Oikocredit Foundation Inc.
- Paaknanon Multi-Purpose Cooperative
- Palawan Pawnshop
- Philippine Business for Social
  Progress (PBSP)
- Philippine National Bank (PNB)
- Radiowealth finance Co. Inc.
- Ramon Magsaysay Award Foundation
- RestartME, Inc.
- San Pedro Multi-Purpose Cooperative
- Social Security System
- Solution Space PH
- Tabla Multi-Purpose Cooperative
- Taytay Sa Kauswagan, Inc. (TSKI)
  (A Microfinance NGO)
- Travel Specialist Ventures
- UP-College of Public Affairs
- WS Family Foundation, Inc.

OUR PHYSICAL PRESENCE

SAN PABLO CITY, LAGUNA

Head Office

LUZON

A
- Albay
- Apayao
- Aurora

B
- Bataan
- Batanes
- Batangas
- Benguet
- Bulacan
- Bulacan

C
- Cagayan
- Camanava
- Camarines Norte
- Camarines Sur
- Catanduanes
- Cavite
- Coron
- Cuyo

I
- Ifugao
- Ilocos Norte
- Ilocos Sur
- Isabela

K
- Kalinga

L
- La Union
- Laguna

M
- Masbate
- Mindoro
- Mindoro
- Mt. Province

N
- NCR
- Nueva Ecija
- Nueva Vizcaya

P
- Palawan
- Pampanga
- Pangasinan
- Pangasinan

Q
- Quezon
- Quezon
- Quirino

R
- Rizal
- Romblon

T
- Tarlac
- Tarlac

VISAYAS

A
- Aklan
- Aklan
- Antique

B
- Biliran
- Bohol

C
- Capiz
- Cebu North
- Cebu South

E
- Eastern Samar

I
- Iloilo

L
- Leyte

N
- Negros Occidental
- Negros Oriental
- Northern Samar

S
- Samar
- Siquijor
- Southern Leyte

MINDANAO

A

- Agusan del Norte
- Agusan del Sur

B

- Basilan
- Bukidnon

C

- Coatabato

D

- Davao de Oro
- Davao del Norte
- Davao Del Sur
- Davao Oriental
- Dinagat

L

- Lanao del Norte
- Lanao del Sur

M

- Maguindanao
- Misamis Oriental
- Misamis Occidental

N

- North Cotabato

S

- Sarangani
- Siargao
- South Cotabato
- Sultan Kudarat
- Sulu
- Surigo del Norte
- Surigo del Sur

T

- Tawi-tawi

Z

- Zamboanga del Norte
- Zamboanga del Sur
- Zamboanga Sibugay

of **2.4 Million** active clients are registered to konek2CARD Plus

of **1,271** unit offices are CARD Sulit Padala Outlets

OUR DIGITAL PRESENCE

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMMITTEE

Chairperson

Atty. Arnel Paciano D. Casanova

Secretary

Ms. Marie Sharon D. Roxas

Members

Ms. Ma. Luisa P. Cadaing

Ms. Aristeo A. Dequito

Dr. Dolores M. Torres

The Corporate Governance Committee is created to assist the Board in fulfilling its corporate governance responsibilities. It shall review and evaluate the qualification of all persons nominated to the Board, as well as those nominated to other positions requiring appointment by the Board of Trustees. It advises, reviews, and approves management strategic plans, decisions, and actions in effectively managing the institution.

The Committee also serves the role as Nominating and Assessment Committee to implement and monitor issues pertaining to the selection, recommendation to the Board, nomination, interview, and election activities. As a nominating assessment committee, it includes selection and appointment of the Executive Director and other key/higher positions in the institution.

FINANCE AND RISK MANAGEMENT COMMITTEE

Chairperson

Ms. Maria Elena M. Ruiz

Secretary

Mr. Alexis N. Garcia

Members

Ms. Lorenza dT. Bañez
Ms. Carmelita C. Dapanas
Mr. Vicente P. Briones Jr.
Ms. Lyneth L. Derequito

The Finance and Risk Management Committee is responsible for the continuing review of the financial affairs and development and oversight of the organization's risk management program. It shall oversee the system of limits to discretionary authority that the Board delegates to the management to ensure that the system remains effective, that the limits are observed, and that immediate corrective actions are taken whenever limits are reached.

SOCIAL PERFORMANCE MANAGEMENT COMMITTEE

Chairperson

Mr. Efren C. Cosico

Secretary

Ms. Evelyn Teodora M. Narvaez

Members

Ms. Aniceta R. Alip
Ms. Ana Liza M. Pacolor
Ms. Haydee G. Eulin
Ms. Carmelita C. Dapanas
Ms. Leticia G. Del Corro

The Social Performance Management Committee, gather feedbacks, issues and concerns, from clients in order to develop appropriate policies, guidelines, processes, and suitable products and services that helps improved the organization's services to the clients. Further, the committee assists the Board of Trustees and the Management in ensuring achievement of the CARD, Inc.'s social goals in compliance to the Microfinance NGO Regulatory Council (MNRC) Social Performance Standards.

AUDITED FINANCIAL STATEMENTS

SGV
Building a better working world

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1226 Makati City
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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Center for Agriculture and Rural Development (CARD), Inc.
(A Microfinance NGO)

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Center for Agriculture and Rural Development (CARD), Inc. (A Microfinance NGO) ("the Organization"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2022 and 2021, and the statements of revenue over expenses, statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company 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.

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Report on the Supplementary Information Required Under Revenue Regulations 15-2010 and Section 175 of the Manual of Regulations for Non-Banks Financial Institutions (MORNBFI)

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 31 and Section 175 of the MORNBFI in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the BSP and is not a required part of the basic financial statements. Such information is the responsibility of the management of Center for Agriculture and Rural Development (CARD), Inc (A Microfinance NGO). The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Miguel U. Ballelos, Jr.

Miguel U. Ballelos, Jr.
Partner
CPA Certificate No. 109950
Tax Identification No. 241-031-088
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109950-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9369777, January 3, 2023, Makati City

April 28, 2023

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE

	December 31	
	2022	2021
ASSETS		
Cash and Cash Equivalents (Notes 6 and 27)	**₱1,444,948,157**	₱1,540,951,968
Short-term Investments (Notes 7 and 27)	**375,962,207**	471,736,883
Receivables		
Receivables from members (Note 8)	**11,574,695,492**	8,862,662,255
Due from affiliates (Notes 9 and 27)	**550,959**	4,855,330
Other receivables (Note 10)	**164,682,492**	203,354,006
Financial Assets at FVOCI (Notes 11 and 27)	**97,045,895**	97,434,585
Investments in Subsidiaries and Associates (Note 12)	**3,605,620,019**	2,939,746,916
Property and Equipment (Note 13)	**239,151,828**	231,071,510
Investment Properties (Note 14)	**35,799,442**	37,929,604
Retirement Asset (Note 21)	**374,022,550**	378,452,643
Other Assets (Note 15)	**75,238,871**	93,065,459
	₱17,987,717,912	₱14,861,261,159

LIABILITIES AND FUND BALANCE		
LIABILITIES		
Capital Build Up (Note 17)	**₱6,327,696,704**	₱5,413,474,262
Borrowings (Note 18)	**935,728,000**	922,610,243
Accounts Payable and Other Liabilities (Note 19)	**438,211,664**	484,826,730
	7,701,636,368	6,820,911,235
FUND BALANCE ATTRIBUTABLE TO PARENT COMPANY		
Fund Balance		
General fund	**10,050,873,260**	7,791,810,266
Restricted fund (Note 28)	**128,838,146**	121,472,334
Reserves		
Remeasurement gain on retirement plan (Note 21)	**104,933,083**	120,278,089
Equity in other comprehensive loss of associates (Note 12)	**(2,049,055)**	(15,795,365)
Unrealized gain on financial assets at FVOCI (Note 11)	**3,486,110**	22,584,600
	10,286,081,544	8,040,349,924
	₱17,987,717,912	₱14,861,261,159

See accompanying Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

STATEMENTS OF REVENUE OVER EXPENSES

	Years Ended December 31	
	2022	2021
REVENUE AND OTHER INCOME		
Interest on loans (Note 8)	**₱5,619,441,897**	₱4,258,659,859
Grants and donations (Note 24)	**1,018,971**	4,108,359
Other income (Note 25)	**84,589,748**	59,746,264
	5,705,050,616	4,322,514,482
COSTS AND EXPENSES		
Project-related expenses (Notes 22 and 27)	**3,889,400,946**	3,761,583,208
Scholarship program	**131,080,010**	31,947,194
Charitable contributions (Note 27)	**45,970,211**	13,050,000
Health program	**8,046,883**	7,302,416
Research program	**3,894,593**	2,943,651
Other administrative expenses (Note 25)	**87,184,252**	27,626,173
	4,165,576,895	3,844,452,642
EXCESS OF REVENUE OVER EXPENSES BEFORE SHARE IN NET INCOME OF ASSOCIATES AND SUBSIDIARIES	**1,539,473,721**	478,061,840
SHARE IN NET INCOME OF ASSOCIATES AND SUBSIDIARIES (Note 12)	**847,675,139**	479,368,181
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX	**2,387,148,860**	957,430,021
PROVISION FOR INCOME TAX (Note 23)	**120,720,054**	93,612,244
EXCESS OF REVENUE OVER EXPENSES	**₱2,266,428,806**	₱863,817,777

See accompanying Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
EXCESS OF REVENUE OVER EXPENSES	**₱2,266,428,806**	₱863,817,777
Items that do not recycle to profit of loss in subsequent periods:		
Change in remeasurement loss of retirement plan (Note 21)	**(15,345,006)**	(92,174,338)
Unrealized gain (loss) on financial assets at FVOCI (Note 11)	**(19,098,490)**	6,509,748
Items that may be recycled to profit of loss in subsequent periods:		
Change in equity in other comprehensive income (loss) of associates and subsidiaries (Note 12)	**13,746,310**	(15,200,712)
	(20,697,186)	(100,865,302)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**₱2,245,731,620**	₱762,952,475

See accompanying Notes to Financial Statements.

CENTER FOR AGRICULTURE AND
RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

STATEMENTS OF CHANGES IN FUND BALANCE

	Fund Balance		Reserves			
	General Fund	**Restricted Fund**	**Remeasurement Gain (Loss) on Retirement Plan** (Note 21)	**Equity in Other Comprehensive Income (Loss) of Associates and Subsidiaries** (Note 12)	**Unrealized gain on Financial Assets at Fair Value through Other Comprehensive Income** (Note 11)	**Total**
Balance at January 1, 2022	**₱7,791,810,266**	**₱121,472,334**	**₱120,278,089**	**(₱15,795,365)**	**₱22,584,600**	**₱8,040,349,924**
Appropriations during the year (Note 28)	**(7,365,812)**	**7,365,812**	**–**	–	–	–
Total comprehensive income (loss) for the year	**2,266,428,806**	**–**	**(15,345,006)**	**13,746,310**	**(19,098,490)**	**2,245,731,620**
Balance at December 31, 2022	**₱10,050,873,260**	**₱128,838,146**	**₱104,933,083**	**(₱2,049,055)**	**₱3,486,110**	**₱10,286,081,544**
Balance at January 1, 2021	₱6,934,650,658	₱114,814,163	₱212,452,427	(₱594,653)	₱16,074,852	₱7,277,397,447
Appropriations during the year (Note 28)	(6,658,171)	6,658,171	–	–	–	–
Total comprehensive income (loss) for the year	863,817,779	–	(92,174,338)	(15,200,712)	6,509,748	762,952,477
Balance at December 31, 2021	₱7,791,810,266	₱121,472,334	₱120,278,089	(₱15,795,365)	₱22,584,600	₱8,040,349,924

See accompanying Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses before income tax	**₱2,387,148,860**	₱957,430,021
Adjustments for:		
Interest on loans	**(5,619,441,897)**	(4,258,659,859)
Interest expense (Notes 8, 19 and 22)	**2,745,340**	116,464,353
Provision for credit and impairment losses (Note 16)	**324,445,246**	525,269,299
Equity in net earnings of associates and subsidiaries (Note 12)	**(847,675,139)**	(479,368,181)
Depreciation, and amortization (Notes 13 and 14)	**103,473,870**	86,962,909
Interest income (Note 25)	**28,193,404**	(36,344,068)
Pension expense, net of contribution (Note 21)	**28,556,960**	20,066,470
Dividend income (Note 25)	**(23,496,309)**	(8,754,900)
Unrealized foreign exchange gain	**(9,716,594)**	(810,684)
Gain on sale of property and equipment (Notes 14 and 26)	**–**	(402,988)
Changes in operating assets and liabilities:		
Decrease (increase) in amounts of:		
Receivables	**(3,021,783,987)**	(687,924,419)
Other assets	**22,576,587**	9,627,135
Short term investments	**77,987,303**	(60,884,141)
Increase (decrease) in amounts of:		
Accounts payable and accrued	**914,222,442**	(77,178,606)
Capital build-up	**137,081,019**	864,121,379
Net cash flows used in operations	**(5,495,682,895)**	(3,030,386,280)
Interest on loans collected	**5,619,441,897**	4,230,575,416
Interest paid	**(116,003,622)**	(113,401,528)
Income taxes paid	**(112,750,883)**	(67,270,021)
Interest received	**27,791,813**	36,510,235
Contributions to the retirement plan	**(39,471,873)**	(38,210,791)
Net cash flows provided by (used in) operating activities	**(116,675,563)**	1,017,817,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of:		
Property and equipment (Note 13)	**1,406,454**	402,988
Investment in associates and subsidiaries (Note 12)	**2,789,833**	2,888,650
Acquisitions of:		
Investment in associates and subsidiaries (Note 12)	**(235,517,900)**	(188,791,459)
Property and equipment (Note 13)	**(110,723,480)**	(84,908,632)
Financial assets at FVOCI	**(18,709,800)**	(45,829,600)
Investment properties (Note 14)	**(107,000)**	–
Intangible assets	**–**	(5,733,950)
Dividends received (Notes 11 and 12)	**456,332,861**	143,923,761
Deposit for future stock subscription	**(4,750,000)**	(385,640)
Net cash flows provided by (used in) investing activities	**90,720,968**	(178,433,882)

(Forward)

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	**₱1,112,668,000**	₱925,993,000
Settlement of borrowings	**(1,104,310,242)**	(1,740,865,757)
Payment of principal portion of finance lease liabilities	**(78,406,974)**	(56,632,788)
Net cash flows used in financing activities	**(70,049,216)**	(871,505,545)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(96,003,811)**	138,328,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,540,951,968**	1,402,623,968
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,444,948,157**	₱1,540,951,968

See accompanying Notes to Financial Statements.

CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), INC.
(A Microfinance NGO)

NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information**

Center for Agriculture and Rural Development (CARD), Inc., (A Microfinance NGO) ("the Organization"), a nonstock, nonprofit organization, was incorporated in the Philippines on October 14, 1986. It was registered with the Philippine Securities and Exchange Commission (SEC) on March 6, 1987 primarily to undertake, directly finance and assist research and development work and/or economic evaluation for the development and improvement of the quality of life of people in underdeveloped and depressed areas.

On August 2, 2016, the Organization was deemed an accredited Microfinance NGO by the Microfinance NGO Regulatory Council (the Council) after having been certified by the SEC to have no derogatory information. In accordance with Republic Act (RA) No. 10693, otherwise known as the Microfinance NGOs Act, the Organization shall be entitled to avail of the two percent (2%) gross receipts tax on its income from microfinance operations (Note 23).

On August 16, 2016, the implementing rules and regulations (IRR) of Republic Act (RA) No. 10693 or otherwise known as the Microfinance NGOs Act was approved and implemented. The IRR of RA 10693 requires Microfinance NGOs to be established as non-stock, non-profit corporation with a capital contribution of at least One Million pesos and include the word "Microfinance" in the corporate and trade name of the Microfinance NGO seeking accreditation.

On September 17, 2016, the Board of Trustees (BOT) unanimously approved to amend the First Article of the Organization's Articles of Incorporation (AOI) to change the corporate name of the Organization from Center for Agriculture and Rural Development (CARD), Inc. to CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD), Inc. (A Microfinance NGO). Further, in 2021, the Organization filed for the amendment of such AOI and By-Laws to the SEC and was approved last June 2, 2021.

The organization was authorized by the Bangko Sentral ng Pilipinas (BSP) on November 23, 2018 to operate as Remittance and Transfer Money under Subsection 4511N.2 of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI).

The registered office of the Organization is located at 20 M. L. Quezon Street, City Subdivision, San Pablo City, Laguna. As at December 31, 2022 and 2021, the Organization has 1,271 and 1,170 units, respectively.

2. **Summary of Significant Accounting Policies**

<u>Basis of Preparation</u>
The parent company financial statements have been prepared under the historical cost basis, except for financial assets at Fair Value through Other Comprehensive Income (FVOCI) that have been measured at fair value. The parent company financial statements are presented in Philippine peso (₱), the Organization's functional and presentation currency. All amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Organization have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

These parent company financial statements are the separate financial statements of the Organization for management's use and for filing with the Bureau of Internal Revenue (BIR). These parent company financial statements account for the Organization's investments in subsidiaries and associates under the equity method as provided for under Philippine Accounting Standard (PAS) 27, *Separate Financial Statements* (Note 12).

The Organization prepares and issues consolidated financial statements as at and for the same period ended as these separate financial statements. Such consolidated financial statements provide information about the economic activities of the Organization and its subsidiaries and associates and may also be obtained from the Organization's registered office address.

The table below lists the Organization's investments in subsidiaries and associates, their corresponding principal places of business/country of incorporation, as well as the Organization's proportion of the ownership interest held in these entities:

		Percentages of Ownership	
	Country of	**December 31**	
	Incorporation	**2022**	2021
Subsidiaries			
CARD Myanmar Company Limited (CMCL)	Myanmar	**99.7%**	99.7%
Responsible Investments for Solidarity and Empowerment (RISE) Financing Company, Inc.	Philippines	**61.9%**	61.9%
Associates			
CARD MRI Hijos Tours, Inc.	Philippines	**40.0%**	40.0%
CARD MRI Insurance Agency (CAMIA), Inc.	Philippines	**36.6%**	36.6%
CARD SME Bank, Inc. (CARD SME Bank)	Philippines	**36.3%**	36.3%
CARD MRI Property Management (CMPM), Inc.	Philippines	**34.7%**	34.7%
CARD Bank, Inc. (CARD Bank)	Philippines	**31.1%**	31.1%
CARD Matapat Holdings	Philippines	**31.0%**	–
CARD MRI Publishing House, Inc.	Philippines	**30.0%**	30.0%
CARD MRI Information Technology (CMIT), Inc.	Philippines	**27.2%**	27.2%
Mga Likha ni Inay (MLNI)	Philippines	**25.1%**	–
CARD MRI Rizal Bank, Inc. (CMRBI)	Philippines	**22.0%**	22.0%
CARD MRI Astro Laboratories (CMA), Inc.	Philippines	**19.0%**	19.0%
CARD Leasing and Finance Corporation (CLFC)	Philippines	**19.0%**	19.0%
CARD MRI Holdings, Inc. (CMHI)	Philippines	**13.0%**	13.0%
Microfinance Information Data Sharing (MIDAS), Inc.	Philippines	**10.7%**	10.7%

Presentation of Parent Company Financial Statements
The Organization presents the parent company statement of assets, liabilities and fund balance broadly in order of liquidity. An analysis regarding recovery (asset) or settlement (liability) within twelve (12) months after the reporting date (current) and more than 12 months after the reporting date (noncurrent) is presented in Note 20.

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except that the Organization has adopted the following PFRSs and PAS and Philippine Interpretations beginning January 1, 2022. Adoption of these new standards did not have an impact on the parent company financial statements of the Organization.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 percent' test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

Summary of Significant Accounting Policies

Foreign Currency Translations - Transactions and Balances
Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction.

Foreign currency-denominated monetary assets and liabilities are translated in Philippine peso based on the BSP closing rate prevailing at the statement of assets, liabilities and fund balance date, while for foreign currency-denominated income and expenses, at the prevailing exchange rates as at the date of transaction. Exchange differences arising from reporting foreign currency monetary items at rates different from those at which they were previously recorded, as well as foreign exchange gains or losses arising from foreign currency transactions are credited to or charged against the statement of revenue over expenses in the year on which the rates changed.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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

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

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

The Organization uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

- 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 Organization determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Organization 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 explained above.

<u>Cash and Cash Equivalents</u>
Cash and cash equivalents consist of petty cash fund, cash on hand and demand, savings and time deposits in banks that are highly liquid and readily convertible to known amounts of cash with original maturities of three months or less from dates of placements and which are subject to insignificant risk of changes in value.

<u>Financial Instruments – Initial Recognition and Subsequent Measurement</u>

Date of recognition
Financial instruments within the scope of PFRS 9 are recognized in the statement of financial position when the Organization becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using the trade date accounting, i.e., the date that the Organization commits to purchase or sell the asset.

Initial recognition and measurement of financial assets
Financial instruments are classified, at initial recognition, as either at amortized cost, FVOCI and FVTPL. The classification of financial instruments at initial recognition depends in their contractual terms and the business model for managing the instruments. Financial instruments except in the case of financial assets and financial liabilities recorded at FVTPL, are initially measured at fair value plus transaction costs. Receivables are measured at the transaction price.

As of December 31, 2022 and 2021, the Organization has no financial instruments at FVTPL.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Organization's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

'Day 1' difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Organization recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of revenue over expenses unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and

model value is only recognized in the statement of revenue over expenses when the inputs become observable or when the instrument is derecognized. For each transaction, the Organization determines the appropriate method of recognizing the 'Day 1' difference amount.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments),
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost
Debt financial assets are measured at amortized cost of both of the following conditions are met:
- The asset is held within the Organization's business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using effective interest method less any impairment in value, with the interest calculated recognized as 'Interest income' in the statement of revenues and expenses.

As of December 31, 2022 and 2021, the Organization's financial assets measured at amortized cost include 'Cash and cash equivalents', 'Short-term investments', 'Receivables' and other loans and security deposits under 'Other Assets'.

Financial Assets at FVOCI
Upon initial recognition, the Organization can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

These financial assets are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income. When the asset is disposed of, the cumulative gains or losses previously recognized are not reclassified to profit or loss, but is reclassified directly to 'Fund Balance' account. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Dividend income' account.

Financial liabilities at amortized cost
Issued financial instruments or their components, which are not designated at FVPL, are classified as liabilities under 'Capital build-up,' 'Borrowings,' and 'Accounts payable and other liabilities,' where the substance of the contractual arrangement results in the Organization having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, financial liabilities not qualified and not designated as FVTPL are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

Derecognition of Financial Instruments
Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

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

Where the Organization has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Organization's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Organization could be required to repay.

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

Offsetting of Financial Instruments
Financial instruments are offset and the net amount reported in the statement of assets, liabilities and fund balance only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle liabilities simultaneously. The Organization assessed that it has currently enforceable right to set off if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Organization and all the other counterparties.

Income and expense are not offset in the parent company statement of revenue over expenses unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Organization.

Write-off
Financial assets are written off either partially or in their entirety when the Organization no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to loan loss provision.

Investments in Associates
An associate is an entity over which the Organization has significant influence and which is neither a subsidiary or a joint venture of the Organization. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or the joint control over those policies. In the financial statements, investments in associates are accounted for under the equity method of accounting.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. Any excess of the investor's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the investee.

Under the equity method, the investments in and advances to associates are carried in the consolidated statement of assets, liabilities and fund balance at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value.

The statement of comprehensive income reflects the Group's share in the results of operations of the investee companies and the Organization's share on movements in the investee's other comprehensive income (OCI) are recognized directly in OCI in the financial statements. The Organization's share in the total comprehensive income of an associate is shown in the statement of revenue over expenses and the statement of comprehensive income. The aggregate of the Organization's equity in net income of associates is shown on the face of the statement of revenue over expenses.

Profits and losses resulting from transactions between the Organization and the investee companies are eliminated to the extent of the interest in the investee companies, and for unrealized losses, to the extent that there is no evidence of impairment of the assets transferred. Dividends received from investee companies are treated as a reduction of the accumulated earnings included under 'Investments in associates' account in the statement of assets, liabilities and fund balance.

The Organizatino discontinues applying the equity method when its investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Organization has guaranteed certain obligations of the associates. When the investees subsequently report net income, the Organization will resume applying the equity method but only after its equity in the net income equals the equity in net losses of associates not recognized during the period the equity method was suspended.

Upon loss of significant influence over the associates, the Organization measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared for the same reporting period as the Organization. The associates' accounting policies conform to those used by the Organization for like transactions and events in similar circumstances.

Investments in Subsidiaries
A subsidiary is an entity over which the Organization has control. The Organization controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Organization's financial statements, investments in subsidiaries is accounted for under the equity method of accounting similar to the investments in associates.

Property and Equipment
Land is carried at cost less any impairment in value and depreciable property and equipment, which includes building and improvements, furniture and fixtures and office and transportation equipment, is carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment, consists of its purchase price, including import duties, taxes and any directly attributable costs to bring the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repairs and maintenance, are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of revenue over expenses. Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets. The EULs of the depreciable assets are as follows:

Building	5 to 25 years
Transportation equipment	3 to 7 years
Furniture and equipment	3 to 5 years
Leasehold improvements	3 years or the terms of the related lease, whichever is shorter
Right-of-use Asset	1.5 to 5years or the terms of the related lease, whichever is shorter

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

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

Investment Properties
Investment properties are properties (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and amortization and any impairment in value.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Depreciation on building and improvements is calculated on a straight-line basis over the EUL of 5 to 25 years from the time of acquisition of the investment properties.

Impairment of Nonfinancial Assets

Property and equipment, investment properties, investments in subsidiaries and associates and right-of-use assets

At each reporting date, the Organization assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Organization makes a formal estimate of recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use (VIU) and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to operations in the year in which it arises.

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

Fund Balance

General

General fund consists of all current and prior period results of operations. The Organization's earnings or assets shall not inure to the benefit of any of its trustees, organizers, officers, members or any specific person.

Restricted

Restricted fund pertains to the appropriations made by the Organization for future acquisitions and/or improvements of investment properties.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Organization and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at fair value of the consideration received or receivable, considering contractually defined terms of payment and excluding taxes or duty. The Organization has assessed that it is acting as a principal in all its revenue transactions.

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

Revenues within the scope of PFRS 15:

Grants
Grants are recognized when there is a reasonable assurance that the Organization will comply with the conditions attaching to it, and that the grant will be received. Grants received for a specific purpose or with condition are initially recognized as a liability shown as 'Funds held-in-trust' under 'Accounts payable and other liabilities' in the statements of assets, liabilities and fund balance, otherwise, they are recorded as 'Grants' in the statement of revenue over expenses.

Revenues outside the scope of PFRS 15:

Interest on Loans
Interest on Loans are recognized based on the effective interest method of accounting.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the income over the relevant period. The EIR is the rate that exactly discounts estimated future cash flows through the expected useful life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), includes any fees (such as service fees) or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Under PFRS 9, when a financial asset becomes credit-impaired, the Organization calculates interest on loans by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Organization reverts to calculating interest on loans fees on a gross basis.

Interest income
Interest income on deposits in banks, short-term investments and other receivables is recognized as interest accrues using the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the interest-bearing financial instruments to the net carrying amount of the financial assets.

Rent income
Rent income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Dividend income
Dividends are recognized as revenue when the Organization's right to receive the payment is established.

<u>Costs and Expenses</u>
Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Organization. Cost and expense are recognized in the statement of revenue over expenses when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably.

Retirement Benefits
The Organization operates a defined benefit retirement plan and hybrid retirement plan which require contributions to be made to separately administered funds.

The net defined benefit asset (liability) is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling, if any. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit retirement plan is determined using the projected unit credit method.

Retirement costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of revenue over expenses. Past service costs are recognized when the plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit asset (liability) is the change during the period in the net defined benefit asset (liability) that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit asset (liability). Net interest on the net defined benefit asset (liability) is recognized as income (expense) in the statement of revenue over expenses.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the statement of assets, liabilities and fund balance with a corresponding debit or credit to ‘Remeasurement gains (losses) on retirement liabilities’ under OCI in the period in which they arise. Remeasurements are not reclassified to the statement of revenue over expenses in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Organization, nor can they be paid directly to the Organization. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Organization’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when, and only when, reimbursement is virtually certain.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Leases</u>
The Organization determines at contract inception whether a contract is, or contains, a lease by assessing whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Organization as a lessee

The Organization applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Organization recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

- Right-of-use assets
  At the commencement date of the lease (i.e, the date the underlying asset is available for use), the Organization recognizes right-of-use assets measured at cost. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequent to initial recognition, the Organization measures the right-of-use assets at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

  The Organization presents the right-of-use assets in 'Property and equipment' and subjects it to impairment in line with the Organization's policy on impairment of nonfinancial assets.

- Lease liabilities
  At the commencement date of the lease, the Organization recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Organization's incremental borrowing rate, which is the rate of interest that the Organization would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The lease payments include fixed payments, any variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Organization and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

  After the commencement date of the lease, the Organization measures the lease liabilities by increasing the carrying amount to reflect interest on the lease liabilities (recorded in 'Interest expense on bills payable and other borrowings'), reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

- Short-term leases and leases of low-value assets
  The Organization applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option, and the leases of low-value assets recognition exemption to its leases of office space and staff house that are considered of low value (i.e., below 250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense under 'Rental Expense' on a straight-line basis over the lease term.

Organization as a lessor
For finance leases where the Organization transfers substantially all the risks and rewards incidental to ownership of the leased item, the Organization recognizes a lease receivable in the statement of assets, liabilities and fund balance at an amount equivalent to the net investment (asset cost) in the lease. The Organization includes all income resulting from the receivable in 'Interest income on loans and receivables' in the statement of revenue over expenses.

The residual value of leased assets, which approximates the amount of guaranty deposit paid by the lessee at the inception of the lease, is the estimated proceeds from the sale of the leased asset at the end of the lease term. At the end of the lease term, the residual value of the leased asset is generally applied against the guaranty deposit of the lessee when the lessee decides to buy the leased asset.

In operating leases where the Organization does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Organization recognizes rental income on a straight-line basis over the lease terms. The Organization adds back the initial direct costs incurred in negotiating and arranging an operating lease to the carrying amount of the leased asset and recognizes them as rental income over the lease term on the same basis. The Organization recognizes contingent rents as revenue in the period in which they are earned.

Income Taxes
Current tax
Current tax assets and current tax liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Provisions
Provisions are recognized when the Organization has a present obligation (legal or constructive) as a result of a past event and 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. Where the Organization expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of revenue over expenses, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized under 'Interest expense' under 'Project related expenses' in the statement of revenue over expenses.

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

Events After the Reporting Date

Post-year-end events up to the date of the approval of the BOT of the financial statements that provide additional information about the Organization's position at the reporting date (adjusting events), are reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

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

Pronouncements issued but not yet effective are listed below. The Organization intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Organization's parent company financial statements. The Organization has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

    - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
    - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Organization.

- Amendments to PAS 8, *Definition of Accounting Estimates*
  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Oganization.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:

    - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
    - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
    - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
    - A specific adaptation for contracts with direct participation features (the variable fee approach)
    - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Judgments and Estimates

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

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

<u>Judgments</u>

(a) Determination of significant influence over another entity

The determination of significant influence over another entity, other than the rebuttable presumption of ownership over twenty percent (20.0%), requires significant judgment. In making judgment, the Organization evaluates existence of the following:

- representation on the Board of Directors (BODs) or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

As at December 31, 2022 and 2021, the Organization determined that it exercises significant influence over the following entities:

	Percentages of Ownership December 31	
	2022	2021
CLFC	**19.0%**	19.0%
CMA	**19.0%**	19.0%
CMHI	**13.0%**	14.0%
MIDAS	**10.7%**	10.7%

Although the Organization holds less than 20.0% of the ownership interest and voting rights in CLFC, CMA, CMHI and MIDAS, the Organization considers that it exercises significant influence through its representation in the investees' BOT. Accordingly, the Organization accounted for its investments in these entities as associates under the equity method of accounting.

The investments in associates of the Organization are disclosed in Note 12 and the related applicable accounting policy is disclosed in Note 2.

Estimates

(a) Impairment of financial assets

The measurement of impairment losses under PFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. The estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Organization's ECL calculations are outputs of complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Internal credit grading model, which assigns PDs to the individual grades
- Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime CL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The ECL models and all ECL-related policies are approved by the Risk Management Committee and the Board of Trustees. The Risk Management Unit in collaboration with the Data Collection Center calculates the ECL for all credit risk exposures. The total ECL that will be booked by the Finance and Accounting Division is approved by both the Director for Finance and Accounting and the Director of Risk Management Unit.

(b) Present value of lease liabilities

The Organization cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Organization would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Organization estimates the IBR using observable inputs (by reference to average bank lending rates).

The carrying amount of lease liabilities as of December 31, 2022 and 2021 is disclosed in Note 26.

(c) *Present value of long term and post-employment benefits*
The determination of the Organization's net plan assets and annual retirement and other long term employment benefits expense is dependent on the selection of certain assumptions used in calculating such amounts. These assumptions include, among others, discount rates and salary rates.

In determining the appropriate discount rate, the Organization considers market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the reporting date and the extrapolated maturities corresponding to expected duration of the defined benefit obligation. For the salary projection rate, the Organization considers the inflation rate and expected average future salary increase rate of the employee, while the mortality rate was based on the 2001 Commissioners Standard Ordinary Table – Generational. While the Organization believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect the cost of employee benefits related obligations.

The present value of the retirement obligation and fair value of plan assets are disclosed in Note 21.

(d) *Financial assets not quoted in an active market*
When the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

4. Fair Value Measurement

The methods and assumptions used by the Organization in estimating fair values of assets and liabilities for which fair value is disclosed are as follows:

Cash and cash equivalents, short-term investments, receivables from members, due from affiliates, current portion of security deposits, other loans, capital build-up and accounts payable and other liabilities
These accounts approximate their carrying amounts in view of relatively short-term maturities of these instruments.

Investment properties
Fair values of the Organization's investment properties have been determined based on valuations made by independent appraisers on the basis of recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made.

Unquoted equity investments
Fair values are estimated using capital asset pricing model to compute for the fair value under Level 3 fair value hierarchy using weighted average cost of capital rate (WACC) of 12.05% and 10.14% for 2022 and 2021, respectively.

The Organization uses a hierarchy for determining and disclosing the fair value of its assets and liabilities. 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 prices) in active markets for identical assets and liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair Value Hierarchy
The following table summarizes the carrying amounts and the fair values by level of the fair value hierarchy of the Organization's long-term financial instruments and non-financial assets as at December 31, 2022 and 2021, for which fair values are disclosed, are financial instrument at fair value.

	2022		2021	
	Carrying Value	**Level 3**	Carrying Value	Level 3
Assets for which fair values are measured:				
Financial assets				
Financial assets at FVOCI	**₱97,045,895**	**₱97,045,895**	₱97,434,585	₱97,434,585
Assets for which fair values are disclosed:				
Nonfinancial assets				
Investment properties	**37,799,442**	**41,983,961**	37,929,604	52,407,169
Financial liabilities				
Borrowings	**935,728,000**	**933,773,727**	922,610,243	929,695,574

There are no transfers between fair value levels in 2022 and 2021.

The following table summarizes the valuation techniques, inputs and assumptions used and the significant unobservable inputs valuation for investment property held by the Organization:

	Valuation technique	**Significant unobservable inputs**
Land	Market approach	Size, location, shape and time element

The market data approach is a comparable method wherein the value of the property is based on sales and listings of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. Comparison would be premised on the factors of location, size and shape of the lot, and time element.

Financial assets at FVOCI
The Company carries unquoted equity securities as FVOCI investments classified as Level 3 within the fair value hierarchy.

In 2022 and 2021, the Company recognized movements in fair value reserves on FVOCI investments amounting to ₱0.4 million and ₱52.4 million respectively.

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The Company estimates the fair value of the unquoted equity securities using adjusted net asset value approach with consideration of the most recent transaction price. The Company also determines an appropriate discount adjustment for the lack of marketability of these unquoted securities. Below shows the sensitivity of the valuation to various changes in assumption:

Fair value of financial asset designated at FVOCI	₱97,045,895
Alternative scenarios:	
Discount for lack of marketability (+/-5.00%):	
-5.00%	92,193,600
+5.00%	101,898,190

The use of reasonably possible alternative assumptions in the significant unobservable inputs will affect the fair value of the unquoted equity securities and the OCI (before tax) as presented above.

5. Financial Risk Management Objectives and Policies

In the course of the business cycle, the Organization has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

In line with the Organization's mission of "*Providing continued access to integrated microfinance and social development services to an expanding membership base by organizing and empowering women and their families*", the risk management framework of the Organization involves identifying and assessing risks, designing strategies and implementing policies to mitigate risks, and conducting evaluation for adjustments needed to minimize risks.

The BOT through the Audit Committee (AC) of the Organization is responsible for monitoring the Organization's implementation of risk management policies and procedures and for reviewing the adequacy of risk management framework in relation to the risks faced by the Organization. The AC prepares monthly reporting to BOT on the results of reviews of actual implementation of risk management policies. The Risk Management Unit of the Organization is strengthened in conjunction with AC and Internal Audit (IA) functions. IA undertakes both regular audit examination and ad hoc reviews of risk management controls and procedures, the results of which are reported to the AC.

<u>Credit Risk</u>

Credit risk is the risk of financial loss to the Organization if the counterparty to a financial instrument fails to meet its contractual obligations.

Management of credit risk

The Organization manages credit risk by providing field personnel with thorough trainings for effective and efficient service delivery to mitigate such risk. A codified signing authority is in place for every level of receivables processing and approval. Receivables are guaranteed by co-borrower/guarantor from family member. All past due/impaired accounts are reported on a monthly basis. Consistent monitoring for these accounts is established by competent and diligent personnel to maximize recovery. Writing off bad debt accounts are approved by the BOT through its Executive Director.

Intensive management monitoring of the program and regular internal audit examination are being conducted. Identified existing and potential irregularities are being discussed and processed during the monthly AC meeting. Consequently, a summary of AC reports is being presented to the regular quarterly meeting of the BOT.

Maximum exposure to credit risk
The maximum credit exposure of the Organization's financial instruments is equal to their carrying value except for receivable from members.

An analysis of the maximum exposure to credit risk of the Organization as at December 31, 2022 and 2021 are as follows (in millions):

	Maximum credit exposure	Fair value of collateral	Financial effect of collateral or credit enhancement	Net exposure
2022				
Receivable from members	**₱11,575**	**₱3,841**	**₱3,841**	**₱7,734**
2021				
Receivable from members	₱8,863	₱3,055	₱3,055	₱5,858

Credit enhancement for receivables from members pertains to contribution of members for capital build-up purposes equivalent to 20.0% of the loaned amount of the member, depending on type of loan concerning the Organization.

The Organization has no financial instruments with right of set-off in accordance with PAS 32 as at December 31, 2022 and 2021. There are also no financial instruments that are subject to an enforceable master netting arrangements of similar agreements which require disclosure in the financial statements.

Concentration of credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Organization's financial instruments are concentrated to rural borrowers.

Credit quality per class of financial assets
The credit quality of financial assets is monitored and managed based on the credit standing and history.

High grade represents bank deposits, receivables or advances which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable. These also include deposits with reputable institutions from where the deposits may be withdrawn and recovered with certainty.

Standard grade represents deposits, receivables or advances where collections are probable due to the reputation and the financial ability of the counterparty to pay.

Further, the financial assets are also grouped according to stage whose description is explained as follows:

Stage 1 - those that are considered current and up to 90 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 90 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The tables below show the credit quality per class of receivables (gross of allowance for credit losses) as at December 31, 2022 and 2021 (in thousands):

	2022 ECL Staging			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
Neither past due nor impaired				
High grade	**₱–**	**₱–**	**₱–**	**₱–**
Standard grade	**11,780,320**	**71,031**	**–**	**11,851,351**
Past due but not impaired	**–**	**–**	**116,200**	**116,200**
Past due and impaired	**–**	**–**	**30,793**	**30,793**
Gross carrying amount	**₱11,780,320**	**₱71,031**	**₱146,993**	**₱11,998,344**

	2021 ECL Staging			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Neither past due nor impaired				
High grade	₱–	₱–	₱–	₱–
Standard grade	8,766,821	–	–	8,766,821
Past due but not impaired	–	–	104,206	104,206
Past due and impaired	–	–	660,426	660,426
Gross carrying amount	₱8,766,821	₱–	₱764,632	₱9,531,453

	2022				
	Neither past due nor impaired				
	High Grade	**Standard grade**	**Past due but not impaired**	**Past due and impaired**	**Total**
Cash in banks	**₱1,444,948**	**₱–**	**₱–**	**₱–**	**₱1,444,948**
Short-term investments	**375,962**	**–**	**–**	**–**	**375,962**
Other assets	**–**	**35,995**	**–**	**–**	**35,995**
	₱1,820,910	**₱35,995**	**₱–**	**₱–**	**₱1,856,905**

	2021				
	Neither past due nor impaired				
	High Grade	Standard grade	Past due but not impaired	Past due and impaired	Total
Cash in banks	₱1,540,952	₱–	₱–	₱–	₱1,540,952
Short-term investments	471,737	–	–	–	471,737
Other assets	–	47,330	–	–	47,330
	₱2,012,689	₱47,330	₱–	₱–	₱2,060,019

As at December 31, 2022 and 2021, the Organization's receivables that are past due for more than 90 days are considered impaired.

Aging analysis of past due but not impaired
The following tables show the total aggregate amount of receivables that are contractually past due but not considered as impaired per delinquency bucket as at December 31, 2022 and 2021 (in thousands):

2022	**Less than 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Total**
Project assistance receivables	**₱13,248**	**₱28,064**	**₱25,415**	**₱66,727**
Members assistance receivables	**3,402**	**7,824**	**7,229**	**18,455**
Other receivables	**18,689**	**419**	**2,052**	**21,160**
	₱35,339	**₱36,307**	**₱34,696**	**₱106,342**

2021	Less than 30 Days	31 to 60 Days	61 to 90 Days	Total
Project assistance receivables	₱31,230	₱23,911	₱21,689	₱76,830
Members assistance receivables	8,105	5,363	4,528	17,996
Other receivables	7,154	1,302	924	9,380
	₱46,489	₱30,576	₱27,141	₱104,206

Liquidity Risk

Liquidity risk is the risk arising from potential inability to meet obligations when they become due at a reasonable cost and timely manner. The Organization manages liquidity risk by assessing the gap for additional funding and determining the best source and cost of funds on a monthly basis. To ensure sufficient liquidity, the Organization set aside funds to pay currently maturing obligations. These funds are placed in short-term investments and deposited in banks by the Organization. Monitoring of daily cash position is being done to guide the management in making sure that sufficient liquidity is maintained. The Treasury Executive Committee was also established to regularly review liquidity position of the Organization monthly.

Analysis of financial assets and financial liabilities by remaining maturities

The tables below summarize the maturity profile of the financial assets and financial liabilities of the Organization based on contractual undiscounted cash flows (in thousands):

	On demand	**Due within 1 month**	**1 to 3 months**	**3 to 12 months**	**Beyond 1 year**	**Total**
2022						
Financial Assets						
Cash and cash equivalents	**₱614,475**	**₱724,967**	**₱50,000**	**₱55,506**	**₱–**	**₱1,444,948**
Short term investments	**–**	**154,213**	**221,749**	**–**	**–**	**375,962**
Receivables	**3,145**	**591,051**	**2,960,914**	**10,180,995**	**77,407**	**13,813,512**
Financial Assets at FVOCI	**–**	**–**	**–**	**–**	**115,159**	**115,159**
Other Assets	**1,146**	**202**	**106**	**45,596**	**27,050**	**74,100**
Total Financial Assets	**618,766**	**1,470,433**	**3,232,769**	**10,282,097**	**219,616**	**15,823,681**
Financial Liabilities						
Capital build-up	**–**	**822,601**	**1,898,309**	**3,606,787**	**–**	**6,327,697**
Accounts payable and accrued expenses	**–**	**168,125**	**36,938**	**72,190**	**160,959**	**438,212**
Borrowings	**–**	**–**	**327,750**	**370,426**	**237,552**	**935,728**
Total Financial Liabilities	**–**	**990,726**	**2,262,997**	**4,049,403**	**398,511**	**7,701,637**
Net Undiscounted Cash Flows	**₱618,766**	**₱479,707**	**₱969,772**	**₱6,232,694**	**(₱178,895)**	**₱8,122,044**

	On demand	**Due within 1 month**	**1 to 3 months**	**3 to 12 months**	**Beyond 1 year**	**Total**
2021						
Financial Assets						
Cash and cash equivalents	₱665,910	₱693,657	₱131,683	₱49,702	₱–	₱1,540,952
Short term investments	–	206,229	249,578	15,930		471,737
Receivables	5,502	1,034,337	2,472,470	7,151,051	82,980	10,746,340
Financial Assets at FVOCI					97,435	97,435
Other Assets	1,062	502	1,053	55,266	20,365	78,248
Total Financial Assets	672,474	1,934,725	2,854,784	7,271,949	200,780	12,934,712
Financial Liabilities						
Capital build-up	5,413,474	–	–	–	–	5,413,474
Accounts payable and accrued expenses	–	12,211	91,249	187,714	147,379	438,553
Borrowings	–	27,610	182,107	581,298	131,595	922,610
Total Financial Liabilities	5,413,474	39,821	273,356	769,012	278,974	6,774,637
Net Undiscounted Cash Flows	(₱4,741,000)	₱1,894,904	₱2,581,428	₱6,502,937	(₱78,194)	₱6,160,075

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates, equity prices and other market factors.

Interest rate risk

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

As of December 31, 2022 and 2021, the Organization has no financial assets and liabilities subject to repricing. As such, the Organization is not exposed to interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Organization's principal transactions are carried out in Philippine peso and its exposure to foreign currency risk arises primarily with respect to the Organization's cash in banks, short-term investments and borrowings which are denominated in US dollar ($) and Euro (€).
The following table shows the foreign currency-denominated accounts of the Organization as at December 31, 2022 and 2021:

	2022		2021	
	in $	**in €**	in $	in €
Cash in banks and cash equivalents	**710,821**	**116,424**	630,522	211,640
Other receivables	**615,017**	–	559,413	–
Other assets	**841,597**	–	70,000	–
Borrowings	**(1,353,708)**	–	(1,348,194)	–
Net Exposure	**813,727**	**116,424**	(88,259)	211,640

In translating foreign currency-denominated accounts to Philippine peso amounts, the exchange rates used were ₱55.76 to $1.0 and ₱59.55 to €1.0 and ₱50.77 to $1.0 and ₱57.51 to €1.0 in 2022 and 2021, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the Philippine peso exchange rate, with all other variables held constant, of the Organization's excess of revenue over expenses. There is no impact on the Organization's equity other than those already affecting the excess of revenue over expenses.

Currency	**Change in currency rate in %**	**Effect on excess of revenue over expenses**
2022		
USD	**+5.0**	**₱2,268,670**
	–5.0	**(2,269,670)**
Euro	**+5.0**	**₱346,653**
	–5.0	**(346,653)**

Currency	Change in currency rate in %	Effect on excess of revenue over expenses
2021		
USD	+5.0	(₱224,045)
	–5.0	224,045
Euro	+5.0	₱608,571
	–5.0	(608,571)

Equity price risk
The Organization has no equity instruments that are publicly-traded, thus, it has no exposure to changes in equity prices.

6. Cash and Cash Equivalents

This account consists of:

	2021	2021
Cash on hand	**₱145,571**	₱108,375
Cash in banks (Note 27)	**1,444,802,586**	1,540,843,593
	₱1,444,948,157	₱1,540,951,968

Cash in banks consist of demand, savings and time deposit accounts. Peso time deposit placements, with a term of less than three months, bear interest from 0.75% to 5.7% and 1.2% to 3.75% in 2022 and 2021, respectively. In addition, the Organization has dollar and euro accounts amounting to ₱39.6 million ($0.63 million) and ₱6.9 million (€0.11 million) as of December 31, 2022, respectively, and ₱32.2 million ($0.71 million) and ₱12.2 million (€0.21 million) as of December 31, 2021, respectively.

The Organization's peso demand and savings deposits earn annual interest ranging from 0.05% to 0.5% in both 2022 and 2021, respectively.

Interest income under 'Other income' earned by the Organization from cash in banks amounted to ₱10.9 million and ₱15.4 million in 2022 and 2021, respectively (Note 25).

7. Short-term Investments

Short-term investments represent time deposits with maturities of more than three months but less than one year. As at December 31, 2022 and 2021, the short-term investments amounted to ₱376.0 million and ₱471.7 million, respectively (Note 27).

Short-term investments earn annual interest ranging from 0.63% to 4.0% and from 0.63% to 4.0% in 2022 and 2021, respectively. Interest income under 'Other income' from short-term investments amounted to ₱17.8 million and ₱25.5 million in 2022 and 2021 (Note 25).

8. Receivables from Members

This account consists of:

	2022	2021
Project assistance receivable	**₱8,977,467,947**	₱7,224,053,160
Members assistance receivable	**3,020,875,922**	2,163,399,892
	11,998,343,869	9,387,453,052
Allowance for credit losses (Note 16)	**(423,648,377)**	(524,790,797)
	₱11,574,695,492	₱8,862,662,255

Receivables from members are partially secured by contributions from members recorded as 'Capital build-Up amounting to ₱6.3 billion and ₱5.4 billion as at December 31, 2022 and 2021, respectively (Note 17).

Project assistance receivable and member assistance receivable earn annual effective interest on loans of 42.76% and 44% in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, interest on loans earned from receivable from members are as follows:

	2022	2021
Project assistance receivable	**₱4,203,065,503**	₱2,984,554,002
Members assistance receivable	**1,340,428,157**	1,207,838,398
Service fees	**75,948,237**	66,267,459
Interest on loans	**₱5,619,441,897**	₱4,258,659,859

Receivables from members include past due receivables amounting to ₱232.2 million and ₱617.9 million as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, project assistance receivables with carrying value of ₱660.0 million and ₱882.9 million, respectively, were used as collateral for interest-bearing borrowings (Note 18).

9. Due from Affiliates

This account consists of:

	2022	2021
CARD Pioneer Microinsurance Inc. (CPMI)	**₱468,924**	₱1,000
CARD MRI Microfinance, Inc. (CMMI)	**82,035**	–
CARD Mutual Benefit Association (MBA), Inc.	–	4,736,426
CARD Leasing and Finance Corporation (CLFC)		91,880
CARD MRI Development Institute (CMD) Inc.	–	14,400
CARD MRI Publishing House, Inc.	–	11,220
FDS ASYA	–	404
Total	**₱550,959**	₱4,855,330

The Organization CARD MBA, CLFC, CMDI, CARD Publishing House, CPMI, FDS Asya, CARD EMPC, CAMIA, CMMI, BotiCARD, MLNI, CBI, CMA and CMRBI are all members of CARD Mutually Reinforcing Institutions (MRI) Group.

Due from CARD MBA pertains to the Organization's claims due to occurrence of insured events (Note 27).

Due from CMDI, CMRBI, CLFC, CARD Publishing House, CPMI, and FDS Asya mainly consist of the affiliates' share in expenses paid for by the Organization (Note 27).

10. **Other Receivables**

This account consists of:

	2022	2021
Accrued interest on loans receivable (Note 8)	**₱138,659,793**	₱124,076,611
Receivable from:		
Officers and employees	**13,400,166**	54,260,818
Other international partners	**42,696,487**	37,119,569
Other microfinance institutions	**39,075,984**	11,948,869
Accrued interest receivable (Note 6)	**2,096,160**	1,251,060
	235,928,590	228,656,927
Allowance for credit losses (Note 16)	**(71,246,098)**	(25,302,921)
	₱164,682,492	₱203,354,006

Receivables from other microfinance institutions are short-term financing with fixed interest rate of 12.0%, which are granted to microfinance organizations and cooperatives operating in hard-to-reach areas to improve the life of the poor communities. Normal term of these receivables is six months to one year.

Other international partners include billings made to international partners for technical assistance provided and shared expenses paid by the Organization on behalf of these entities.

Interest income which is included in 'Other income' from the interest-bearing receivables amounted to ₱1.8 million and ₱0.1 million in 2022 and 2021 respectively (Note 25).

11. **Financial Assets at FVOCI**

This account consists of:

	2022	2021
Non-listed equity investments		
CARD Bank Inc.	**₱72,202,400**	₱53,492,600
CMRBI	**15,117,400**	15,117,400
BotiCARD Inc.	**5,249,985**	5,249,985
AppendPay Corporation	**990,000**	990,000
	93,559,785	74,849,985
Unrealized fair value gain	**3,486,110**	22,584,600
	₱97,045,895	₱97,434,585

Additional investment of 93,549 and 153,561 preferred shares at ₱200 per share was made to CARD Bank, Inc. amounting to ₱18.7 million and ₱30.7 million for 2022 and 2021,respectively. No additional investment was made for CARD MRI Rizal Bank for 2022.

In 2020, investment in AppendPay was made which composed of 9,900 common shares at P100 per share. AppendPay Corporation is engaged in digital financial services which help to provide ease of doing business and convenience to the poor population in the microfinance and social enterprise sector.

Dividend income from financial assets at FVOCI amounted to ₱23.50 million in 2022 and ₱8.75 million in 2022 and 2021, respectively.

The rollforward for the Organization's unrealized fair value gain on FVOCI investments follow:

	2022	2021
Balances at beginning of year	**₱22,584,600**	₱16,074,852
Movements on unrealized gain on FVOCI investments	**(19,098,490)**	6,509,748
Balance at end of year	**₱3,486,110**	₱22,584,600

The Organization recognized unrealized gain/loss on market revaluation of financial assets at FVOCI amounting to ₱19.1 million loss and ₱6.5 million gain for the years ended December 31, 2022 and 2021, respectively. Fair value changes of financial assets at FVOCI are presented as components of 'Reserves' in Fund balance attributable to parent company.

12. Investments in Subsidiaries and Associates

This account consists of the following investments:

	2022	2021
Acquisition cost		
Subsidiaries:		
CMCL –99.7% owned in 2022 and 2021	**₱43,024,249**	₱40,678,594
RISE – 61.9% owned in 2022 and 2021	**23,984,258**	23,984,258
	67,008,507	64,662,852
Associates:		
CARD Bank – 31.1% owned in 2022 and 2021	**580,448,288**	426,546,088
CARD SME Bank – 36.3% owned in 2022 and 2021	**424,718,588**	401,748,888
CMRBI – 22.0% owned in 2022 and 2021	**186,278,125**	186,278,125
CMPM –34.7% and 35.1% owned in 2022 and 2021, respectively	**138,063,100**	130,000,000
CMIT – 27.2% owned in 2022 and 2021	**84,934,700**	84,934,700
CLFC –19.0% owned in 2022 and 2021	**19,000,000**	19,000,000
CAMIA – 36.6% owned in 2022 and 2021	**18,315,500**	18,315,000
CMHI –13.0% and 14.0% owned in 2022 and 2021	**17,500,000**	17,500,000

(Forward)

	2022	2021
CMA – 19.0% and 29.0% owned in 2022 and 2021	**₱5,811,300**	₱6,386,650
MIDAS – 10.7% owned in 2022 and 2021	**1,304,133**	1,304,133
CARD MRI Hijos Tours – 40.0% owned in 2022 and 2021	**799,985**	799,985
CARD MRI Publishing House – 30.0% owned in 2022 and 2021	**300,000**	150,000
MLNI – 25.1% owned in 2022	**2,192,300**	–
CARD Matapat Holdings – 31.0% owned in 2022	**48,240,100**	–
	1,527,906,119	1,292,963,569
Accumulated equity in net earnings:		
Balance at beginning of year	**1,597,915,861**	1,253,716,541
Share in net income of associates and subsidiaries for the year	**847,675,139**	479,368,181
Dividends received	**(432,836,552)**	(135,168,861)
	2,012,754,448	1,597,915,861
Accumulated equity in other comprehensive income (loss):		
Balance at beginning of year	**(15,795,365)**	(594,653)
Share in comprehensive income (loss) of associates and subsidiaries for the year	**13,746,310**	(15,200,713)
	(2,049,055)	(15,795,366)
	₱3,605,620,019	₱2,939,746,916

CARD Bank, a microfinance-oriented rural bank, is engaged in extending microcredit and rural credit to small farmers and tenants and to deserving rural industries or enterprises. CARD Bank offers a wide range of products and services such as deposit products, loans, and treasury that cater mainly to the consumer market. CARD SME Bank, Inc. is a thrift bank which offers working capital financing to businesses engaged in agricultural services, industry and housing and provides diversified financial and allied services for its chosen market and constituents especially for small and medium enterprises, microfinance and individuals.

CMRBI was established primarily to engage in the business of rural banking as defined and authorized under RA No. 3779, as amended, such as granting loans to small farmers and to deserving rural enterprises, as well as receiving deposits in accordance with the regulations promulgated by the Monetary Board.

CMPM was established primarily to engage in the business of property management and to invest and acquire real property in accordance with the Corporation Code of the Philippines.

CMIT was established primarily to provide CARD MRI's major information technology services. As a major service offered to its sister institutions, integrated solutions for microfinance and micro-insurance has become the area of specialization of CMIT.

CLFC was incorporated to extend credit facilities to consumer and industrial, commercial or agricultural enterprises by direct lending, or by discounting or factoring commercial papers or account receivables or by buying and selling contracts without quasi-banking activities.

CAMIA primarily engages in the business of selling life and nonlife insurance products and other related services.

CMHI was established primarily to acquire and hold investment shares of stocks, any bonds, debentures and securities, or obligations, created, negotiated or issued by any foreign or domestic corporation, association or other entity and to provide business support to its subsidiaries, affiliates and other related companies to continuously enhance service, compliance and productivity and core practices.

CARD MRI Hijos Tours Inc. was created primarily to provide a heritage tour program for local, inbound and outbound tours and to create a venue for inclusive tourism where CARD clients and their families will be involved.

CARD MRI Publishing House Inc. was established primarily to provide a development newspaper and other publications to CARD MRI stakeholders and the public and to communicate microfinance and community development programs to the CARD MRI, the public and the community.

MLNI. was engage in manufacturing, selling, advertising, promoting, consolidating, and trading of products of the members and clients of the Center for Agriculture and Rural Development-Mutually Reinforcing Institutions (CARD-MRI).

CARD Matapat Holdings (formerly Asenso Tech, Inc.; the Company) was established primarily to acquire and hold investment shares of stocks, any bonds, debentures and securities, or obligations, created, negotiated or issued by any foreign or domestic corporation, association or other entity and to provide business support to its subsidiaries, affiliates and other related companies to continuously enhance service, compliance and productivity and core practices

CARD MRI ASTRO (CMA). was engage in manufacturing, selling alcohol, disinfectant and cleaning products for the members and clients of the Center for Agriculture and Rural Development-Mutually Reinforcing Institutions (CARD-MRI).

The Microfinance Information Data Sharing Inc. (MiDAS) is the credit bureau for microfinance institutions (MFIs) in the Philippines. It is the data sharing system that allows MFIs to submit reports, send inquiries, and retrieve results on borrower information.

Except for CARD SME Bank, CAMIA, CMIT, CMRBI, CMA, and MIDAS, the principal place of business of associates is in M. L. Quezon Street, City Subdivision, San Pablo City, Laguna. CARD SME Bank, CAMIA and CMIT's principal place of business is located at 120 M. Paulino Street cor. Burgos Street, San Pablo City, Laguna. CMRBI's principal place of business is at P. Guevarra St., cor. Aguirre St., Brgy. Poblacion 2, Sta. Cruz, Laguna. CMA's principal office is located at Unit 2007-2008 Jollibee Plaza F. Ortigas lr. Road, Ortigas Center, Pasig City. MIDAS's principal office is located at 3F TSKI Corporate Office, National Highway, Brgy. Mali-ao, Palvia, Iloilo.

The Organization's associates are all private companies and there are no quoted market prices available for their shares.

The breakdown of dividends from associates is shown below:

	2022	2021
CARD Bank	**₱331,791,133**	₱40,721,995
CAMIA	**27,472,800**	9,157,500
CMRBI	**24,530,000**	23,917,300
CMIT	**22,039,031**	13,456,799

(Forward)

	2022	2021
CARD SME Bank	**13,781,812**	34,064,642
CLFC	**12,350,000**	12,350,000
CMA	**871,695**	1,451,125
CMPM	**81**	–
MIDAS	–	49,470
CMPHI	–	30
Total	**₱432,836,552**	₱135,168,861

Limitations on dividend declaration of associates
The Bangko Sentral ng Pilipinas (BSP) requires banks to keep certain levels of regulatory capital and liquid assets, limit their exposures to other parts of the Organization and comply with other regulatory ratios.

As of December 31, 2022 and 2021, there were no agreements entered into by the associates of the Organization that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Organization. The dividend declarations and payments of the investee banks are subject to the approval of BSP.

As of December 31, 2022 and 2021, accumulated equity in net earnings amounting to ₱2 billion and ₱1.6 billion is not available for dividend declaration. The accumulated equity in net earnings becomes available for dividends upon declaration and receipt of cash dividends from the investees.

As of December 31, 2022 and 2021, the Organization has no share on commitments and contingencies of its associates.

The following tables present the summarized financial information of associates as at and for the years ended December 31, 2022 and 2021:

December 31, 2022

	CARD SME Bank	CARD Bank	CMIT	CAMIA	CMA	CMRBI	CLFC	CMPM	CMHI	CARD Hijos Tours	CARD Publishing House	CARD Mga Likha ni Inay	CARD Matapat Holdings	MIDAS
Statement of assets, liabilities and fund balance														
Current assets	₱7,582,530,061	₱20,437,964,069	₱347,314,303	₱31,038,478	₱18,916,538	₱5,746,848,740	₱269,662,585,	₱56,160,414	₱14,471,940	₱4,912,468	₱5,897,349	₱13,931,394	₱74,796,110	₱19,820,772
Noncurrent assets	904,389,838	1,977,249,208	414,711,523	111,132,093	11,533,746	455,185,663	223,832,648	374,671,941	144,404,369	688,384	266,930	903,225	50,250,465	607,487
Current liabilities	6,324,665,795	15,318,726,462	-56,553,468	15,966,172	987,798	4,404,831,214	248,645,665	20,532,785	136,136	457,020	859,212	4,819,722	160,825	245,401
Noncurrent liabilities	138,658,598	732,459,650	14,973,299	7,547,482	–	80,237,369	76,987,327	7,101,498	–	–	391,356	–	–	–
Statement of revenue over expenses														
Gross income	2,707,964,514	7,006,295,735	447,927,954	127,469,545	12,075,353	2,143,931,028	173,327,987	35,749,002	28,210,323	7,518,023	8,592,390	10,161,066	(316,005)	8,958,629
Expenses	2,410,538,369	5,201,849,127	259,479,334	64,838,463	11,266,414	1,763,866,170	105,639,116	28,083,797	338,310	5,648,091	6,474,170	7,385,475	2,125,994	5,846,709
Net income	297,426,145	1,804,446,608	188,448,620	62,631,082	808,939	380,064,858	67,688,871	7,665,205	27,872,013	1,869,932	2,118,220	2,775,591	(2,441,999)	3,111,920
Statement of comprehensive income (loss)														
Other comprehensive income (loss)	20,855,738	11,244,712	1,042,580	–	446,936	18,723,599	–	765,240	(17,307,869)	79,558	(94,875)	(62,690)	–	–
Total comprehensive income	318,281,883	1,815,691,320	189,491,200	62,631,082	1,255,875	398,788,457	67,688,871	8,430,445	10,564,144	1,949,490	2,023,345	2,712,901	(2,441,999)	3,111,920
Net assets	₱2,023,595,506	₱6,364,027,165	₱690,499,059	₱118,656,917	₱29,462,486	₱1,716,965,820	₱167,862,241	₱403,168,072	₱158,740,173	₱5,143,832	₱4,913,711	₱10,014,897	₱124,885,750	₱20,182,858
Percentage of ownership interest	36.3%	31.1%	27.2%	36.6%	19.0%	22.0%	19.0%	34.7%	13.0%	40.0%	30.0%	25.1%	31.0%	10.7%
Carrying value of investment	₱706,820,396	₱1,979,022,642	₱185,329,576	₱42,156,982	₱6,505,211	₱372,716,813	₱32,574,004	₱141,254,875	₱24,298,653	₱2,047,026	₱2,225,123	₱2,871,882	₱47,482,348	₱1,153,279

December 31, 2021

	CARD SME Bank	CARD Bank	CMIT	CAMIA	CMA	CMRBI	CLFC	CMPM	CMHI	CARD Hijos Tours	CARD Publishing House	MIDAS
Statement of assets, liabilities and fund balance												
Current assets	₱8,252,565,416	₱39,100,459,877	₱387,596,424	₱46,288,365	₱24,734,312	₱6,066,448,061	₱180,719,860,	₱50,095,698	₱10,439,300	₱3,219,806	₱5,897,349	₱16,961,790
Noncurrent assets	473,078,100	3,782,618,524	236,001,495	89,199,233	6,088,808	346,844,464	222,472,054	442,537,144	115,840,684	199,404	266,930	17,587,960
Current liabilities	7,000,603,325	15,840,589,434	75,967,358	10,729,543	466,404	4,705,494,686	122,533,970	28,424,807	125,662	224,868	859,212	517,020
Noncurrent liabilities	24,216,180	580,907,548	–	7,748,181	558,722	466,540,174	111,014,523	32,515,786	–	–	391,356	4,401,883
Statement of revenue over expenses												
Gross income	2,187,222,400	5,669,559,345	391,177,954	103,220,053	12,425,176	1,652,239,961	210,676,017	30,522,834	16,472,143	4,265,764	8,592,390	4,787,495
Expenses	2,080,726,900	4,603,460,219	232,510,487	49,366,389	8,251,209	1,508,249,742	156,787,425	27,961,144	272,537	3,043,871	6,474,170	2,115,365
Net income	106,495,501	1,066,099,125	158,667,467	53,853,664	4,173,967	143,990,220	53,888,592	2,561,690	16,199,606	1,221,893	2,118,220	2,672,130
Statement of comprehensive income (loss)												
Other comprehensive income (loss)	(10,794,901)	(32,099,287)	(2,976,740)	(2,176)	–	(7,349,215)	–	–	6,552,047	758,138	(94,875)	–
Total comprehensive income	95,700,600	1,033,999,838	155,690,727	53,851,489	4,173,967	136,641,005	53,888,592	2,561,690	22,751,653	1,980,031	2,023,345	2,672,130
Net assets	₱1,700,824,011	₱26,461,581,419	₱547,630,561	₱117,009,874	₱29,797,994	₱1,241,257,665	(₱11,076,439)	₱431,692,249	₱126,154,322	₱3,194,342	₱4,913,711	₱29,630,847
Percentage of ownership interest	36.3%	31.1%	27.2%	36.6%	19.0%	22.0%	19.0%	34.7%	13.0%	40.0%	30.0%	10.7%
Carrying value of investment	₱582,000,700	₱1,585,524,313	₱162,954,248	₱46,687,517	₱7,713,640	₱309,513,353	₱32,063,119	₱130,265,678	₱22,929,540	₱1,267,231	₱1,483,198	₱1,153,279

13. **Property and Equipment**

The composition of and movements in this account follow:

	Land	Building and Improvements	Transportation Equipment	Furniture and Equipment	Right-of-use Asset	Construction in Progress	Total
2022							
Cost							
Balance at beginning of year	**₱79,888,321**	**₱108,119,495**	**₱40,085,241**	**₱178,343,447**	**₱165,824,837**	**₱–**	**₱572,261,341**
Additions		**1,581,715**	**3,952,085**	**17,227,377**	**86,882,303**	**1,080,000**	**110,723,480**
Disposals	**–**	**–**	**(21,037,834)**	**(73,313,976)**	**(112,682,692)**		**(207,034,503)**
Balance at end of year	**79,888,321**	**109,701,210**	**22,999,492**	**122,256,848**	**140,024,448**	**1,080,000**	**475,950,319**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**–**	**73,298,280**	**37,794,008**	**125,771,090**	**104,326,453**	**–**	**341,189,831**
Depreciation and amortization	**–**	**4,844,277**	**988,669**	**22,460,351**	**72,943,411**	**–**	**101,236,708**
Disposals	**–**	**–**	**(21,037,835)**	**(73,269,762)**	**(111,320,452)**	**–**	**(205,628,049)**
Balance at end of year	**–**	**78,142,557**	**17,744,842**	**74,961,680**	**65,949,412**	**–**	**236,798,491**
Net Book Value	**₱79,888,321**	**₱31,558,653**	**₱5,254,650**	**₱47,295,168**	**₱74,075,036**	**₱1,080,000**	**₱239,151,828**

	Land	Building and Improvements	Transportation Equipment	Furniture and Equipment	Right-of-use Asset	Total
2021						
Cost						
Balance at beginning of year	₱79,888,321	₱106,892,729	₱41,579,338	₱142,524,010	₱95,313,394	₱466,197,792
Additions		43,160,770	1,152,084	40,595,778	75,543,009	160,451,641
Disposals	–	(41,934,004)	(2,646,181)	(4,776,341)	(5,031,566)	(54,388,092)
Balance at end of year	79,888,321	108,119,495	40,085,241	178,343,447	165,824,837	572,261,341
Accumulated Depreciation and Amortization						
Balance at beginning of year	–	65,308,916	39,893,811	108,476,342	48,937,331	262,616,400
Depreciation and amortization	–	7,989,364	546,378	17,691,552	58,469,688	84,696,982
Disposals	–	–	(2,646,181)	(396,804)	(3,080,566)	(6,123,551)
Balance at end of year	–	73,298,280	37,794,008	125,771,090	104,326,453	341,189,831
Net Book Value	₱79,888,321	₱34,821,215	₱2,291,233	₱52,572,357	₱61,498,384	₱231,071,510

The Organization granted CMDI the usufruct over certain properties consisting of land and improvements amounting to ₱3.7 million for use as CMDI's office and training center (Note 27).

Depreciation on property and equipment and investment properties is recorded under the following expense accounts in the statement of revenue over expenses, which also include the depreciation on investment properties:

	2022	2021
Project related expenses (Note 22)	**₱101,120,436**	₱84,709,293
Health program	**378,370**	446,294
Research program	**105,392**	65,029
Other expenses (Note 25)	**3,111,794**	2,984,413
	₱104,715,992	₱88,205,029

Gain on disposal of property and equipment of the Organization resulted to nil and ₱0.4 million in 2022 and 2021, respectively which is included under 'Other income' in the statements of revenue over expenses (Note 25).

As at December 31, 2022 and 2021, the cost of fully depreciated assets still in use by the Organization amounted to ₱50.4 million and ₱157.6 million, respectively.

14. Investment Properties

The composition of and movements in this account follow:

	2022		
	Land	**Building and Improvements**	**Total**
Cost			
Balance at beginning of the year	**₱28,442,566**	**₱72,535,582**	**₱100,978,148**
Additions	**–**	**107,000**	**107,000**
Balance at end of year	**₱28,442,566**	**₱72,642,582**	**₱101,085,148**
Accumulated Depreciation			
Balance at beginning of year	**–**	**57,417,224**	**57,417,224**
Depreciation and amortization	**–**	**2,237,162**	**2,237,162**
Balance at end of year	**–**	**59,654,386**	**59,654,386**
Allowance for impairment losses (Note 16)	**(5,631,320)**	**–**	**(5,631,320)**
Net Book Value	**₱22,811,246**	**₱12,988,196**	**₱35,799,442**

	2021		
	Land	Building and Improvements	Total
Cost			
Balance at beginning of the year	₱28,442,566	₱66,801,632	₱95,244,198
Additions	–	5,733,950	5,733,950
Balance at end of year	₱28,442,566	₱72,535,582	₱100,978,148
Accumulated Depreciation			
Balance at beginning of year	–	55,151,297	55,151,297
Depreciation and amortization	–	2,265,927	2,265,927
Balance at end of year	–	57,417,224	57,417,224
Allowance for impairment losses (Note 16)	(5,631,320)	–	(5,631,320)
Net Book Value	₱22,811,246	₱15,118,358	₱37,929,604

The Organization leases properties to CARD Bank, CARD MBA, CARD BDSF, CARD SME Bank, CMDI, CLFC, BotiCARD and MLNI. Rent income from investment properties included in 'Other income' in the statements of revenue over expenses totaled to ₱7.4 million and ₱6.7 million in 2022 and 2021, respectively (Note 25). Direct operating expenses on investment properties that generated rental income in 2022 and 2021 included under 'Depreciation and amortization', 'Taxes and licenses' and 'Insurance expense' amounted to ₱2.6 million and ₱2.7 million in 2022 and 2021, respectively.

Depreciation on investment properties amounting to ₱2.25 million for 2022 and 2021, is included under 'Other expenses' in the 'Other administrative expenses' in the statements of revenue over expenses (Note 25).

15. **Other Assets**

This account consists of:

	2022	2021
Financial assets		
Security deposit	**₱19,338,122**	₱18,697,442
Others	**44,452,524**	59,551,094
	63,790,646	78,248,536
Nonfinancial assets		
Prepaid expenses	**7,692,338**	11,709,028
Supplies on hand	**2,231,625**	341,513
Intangible assets	**1,138,622**	2,380,742
Subscription to CARD entities' shares	**385,640**	385,640
	11,448,225	14,816,923
	₱75,238,871	₱93,065,459

Others in financial assets represent investments from KFarm, Unihealth, Union College and Matapat Holdings. Security deposit includes security deposits on unit office rentals and motorcycle and computers leased from CLFC.

Prepaid expenses includes advances for office rental and payment for suppliers and contractors.

Supplies on hand include accountable forms, toners and cleaning materials issued to unit offices which are not yet consumed.

Intangible assets are portion of payment made for the Core Microfinance System (CMFS) project not yet fully implemented and on pilot stage. The movements of intangible assets follow:

	2022	2021
Cost		
Balance at beginning of year	**₱3,622,862**	₱3,622,862
Additions	**–**	–
Balance at end of year	**3,622,862**	3,622,862
Accumulated Amortization		
Balance at beginning of year	**1,242,120**	–
Amortization (Note 22)	**1,242,120**	1,242,120
Balance at end of year	**2,484,240**	1,242,120
Net Book Value	**₱1,138,622**	₱2,380,742

Subscription to CARD entities' shares pertains to deposits made by the Organization for future stock subscription for the proposed increase of capital stock of CARD Bank, Inc. and CARD MRI Publishing House, Inc.

16. Allowance for Credit and Impairment Losses

The movements in the allowance for credit and impairment losses follow:

	2022						
	Receivables from Members (Note 8)						
	Project Assistance Receivable	Member Assistance Receivable	Total	Other Receivables (Note 10)	Investment Properties (Note 14)	Other Assets (Note 15)	Total
Balance at beginning	**₱380,694,138**	**₱144,096,658**	**₱524,790,796**	**₱25,302,921**	**₱5,631,319**	**₱–**	**₱555,725,036**
Provision for credit losses and impairment losses	**185,045,691**	**89,187,150**	**274,232,841**	**53,617,987**	**–**	**–**	**327,850,828**
Accounts written-off	**(355,598,726)**	**(19,776,535)**	**(375,375,261)**	**(7,674,811)**	**–**	**–**	**(383,050,072)**
Balance at end of year	**₱210,141,103**	**₱213,507,273**	**₱423,648,376**	**₱71,246,097**	**₱5,631,319**	**₱–**	**₱500,525,792**

	2021						
	Receivables from Members (Note 8)						
	Project Assistance Receivable	Member Assistance Receivable	Total	Other Receivables (Note 10)	Investment Properties (Note 14)	Other Assets (Note 15)	Total
Balance at beginning	₱167,930,910	₱33,775,183	₱201,706,093	₱22,369,419	₱5,631,319	₱–	₱229,706,831
Provision for credit losses and impairment losses	401,960,100	120,375,697	522,335,797	2,933,502	–	–	525,269,299
Accounts written-off	(189,196,872)	(10,054,222)	(199,251,094)	–	–	–	(199,251,094)
Balance at end of year	₱380,694,138	₱144,096,658	₱524,790,796	₱25,302,921	₱5,631,319	₱–	₱555,725,036

Summary of provisions for credit and impairment losses follows:

	2022	2021
Receivable from members	**₱274,232,841**	₱522,335,797
Other receivables	**53,617,987**	2,933,502
Total	**₱327,850,828**	₱525,269,299

At the current level of allowance for impairment and credit losses, management believes that the Organization has sufficient allowance to cover any losses that may be incurred from the non-collection or non-realization of its loans and receivables and other risk assets.

The tables below illustrate the movements of the allowance for impairment and credit losses during the year (effect of movements in ECL due to transfers between stages are shown in the total column):

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loss allowance at January 1, 2022	**₱155,147,125**	**₱–**	**₱369,643,671**	**₱524,790,796**
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 2	–	–	–	–
Transfer from Stage 1 to Stage 3	**(412,649,629)**	–	**412,649,629**	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	**9,162,699**	–	**(9,162,699)**	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or purchased	**195,509,472**	–	–	**195,509,472**
Changes in PDs/LGDs/EADs	**259,338,807**	–	**(149,822,052)**	**109,516,755**
Financial assets derecognized during the period	**(584)**	–	**(30,792,802)**	**(30,793,386)**
Total net P&L charge during the period	**₱51,360,765**	**₱–**	**₱222,872,076**	**₱272,232,841**

(Forward)

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Other movements without P&L impact				
Write-offs and other movements	**₱–**	**₱–**	**(₱375,375,260)**	**(₱373,375,260)**
Total movements without P&L impact	**–**	**–**	**(375,375,260)**	**(373,375,260)**
Loss allowance at December 31, 2022	**₱206,507,890**	**₱–**	**₱217,140,487**	**₱423,648,377**

	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Loss allowance at January 1, 2021,	₱3,777,032	₱–	₱197,929,061	₱201,706,093
Movements with P&L impact				
Transfers:				
Transfer from Stage 1 to Stage 3	(369,861,192)	–	369,861,192	–
Transfer from Stage 3 to Stage 1	154,929,605	–	(154,929,605)	–
New financial assets originated or purchased	235,221,356	–	–	235,221,356
Changes in PDs/LGDs/EADs	(23,849,281)	–	98,481,940	74,632,659
Financial assets derecognized during the period	154,929,605	–	57,552,177	212,481,782
Total net P&L charge during the period	151,370,093	–	370,965,704	522,335,797
Other movements without P&L impact				
Write-offs and other movements	₱–	₱–	(₱199,251,094)	(₱199,251,094)
Total movements without P&L impact	–	–	(199,251,094)	(199,251,094
Loss allowance at December 31, 2021	₱155,147,125	₱–	₱369,643,671	₱524,790,796

The corresponding movement of the gross carrying amount of the receivables from members, including accrued interest on loans receivable, are shown below:

	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount at January 1, 2022	**₱8,640,023,929**	**₱–**	**₱747,429,123**	**₱9,387,453,052**
Movements with provision impact				
Transfers:				
Transfer from Stage 1 to Stage 2		–	–	–
Transfer from Stage 1 to Stage 3	**(218,023,662)**	–	**116,200,458**	–
Transfer from Stage 2 to Stage 1	–	–	–	–
Transfer from Stage 2 to Stage 3	–	–	–	–
Transfer from Stage 3 to Stage 1	**14,150,339**	–	**(14,150,339)**	–
Transfer from Stage 3 to Stage 2	–	–	–	–
New financial assets originated or Purchased	**11,766,170,280**	–	–	**11,766,170,280**
Movements in outstanding balances	**(8,220,620,550)**	–	**(327,110,065)**	**(8,547,730,615)**
Financial assets derecognized during the period	**(201,380,458)**	–	**(30,793,130)**	**232,173,589**
Write-offs and other movements		–	**(375,375,260)**	**(375,375,261)**
Gross carrying amount at December 31, 2022	**₱11,780,319,879**	**₱–**	**₱116,200,787**	**₱12,462,691,045**

	ECL Staging			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at January 1, 2021	₱8,376,399,997	₱–	₱425,476,104	₱8,801,876,101
Movements with provision impact				
Transfers:				
Transfer from Stage 1 to Stage 3	(747,521,715)	–	747,521,715	–
Transfer from Stage 3 to Stage 1	8,639,706,388	–	(8,639,706,388)	–
New financial assets originated or purchased	577,248,167	–	–	577,248,167
Movements in outstanding balances	(16,845,515,296)	–	8,583,887,282	(8,261,628,014)
Financial assets derecognized during the period	8,639,706,388	–	(170,498,496)	8,469,207,892
Write-offs and other movements	–	–	(199,251,094)	(199,251,094)
Gross carrying amount at December 31, 2021	₱8,640,023,929	₱–	₱747,429,123	₱9,387,453,052

17. Capital build-up

This account represents the aggregate contribution of members for capital build-up purposes which then serve as partial security for repayable project assistance receivable granted to them (Note 8). Capital build-up is built up through weekly members' contribution of at least ₱50.00 per week.

Administrative fee expenses related to 'Capital build-up under 'Interest expense' in 'Project related expenses' amounted to ₱89.0 million and 84.7 million in 2022 and 2021, respectively (Note 22).

18. Borrowings

This account consists of borrowings from financing institutions and other CARD entities bearing annual interest rates ranging from 0.0% to 4.25% and 0.0% to 4.25% in 2022 and 2021, respectively, and are payable in annual, lump-sum and quarterly installments until 2023. Financing obtained from creditors are used to fund the Organization's project assistance receivable.

The amendments to PFRS 7 require the Organization to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under unenforceable master meeting arrangements. As of December 31, 2022 and 2021, the borrowings' financial collateral has fair values of ₱660.0 million and ₱882.9 million which comes from project assistance receivable (Note 8). These arrangements do not meet PAS 32 offsetting criteria.

The Organization has available credit lines with various financial institutions amounting to ₱3.4 billion and ₱3.3 billion as at December 31, 2022 and 2021, respectively. In 2022 and 2021, interest on borrowings amounting to ₱16.8 million and ₱28.6 million, respectively, is presented under 'Interest expense' in statement of revenue over expenses (Note 22).

19. Accounts Payable and Other Liabilities

This account consists of:

	2022	2021
Financial liabilities		
Accounts payable	**₱99,394,042**	₱109,228,441
CARD Community Scholarship Program	**72,869,060**	83,087,000
Funds held in trust	**48,986,711**	49,365,682
Subscription payable (Note 27)	**1,017,840**	67,815,425
Accrued expenses	**82,941,427**	66,558,760
Lease liability (Note 26)	**71,727,894**	61,346,519
Due to affiliates (Note 27)	**2,469,448**	1,150,735
	379,406,422	438,552,562
Nonfinancial liabilities		
Withholding taxes payable	**6,651,320**	4,737,593
Income tax payable	**32,758,863**	24,789,692
Others	**19,395,059**	16,746,883
	58,805,242	46,274,168
	₱438,211,664	₱484,826,730

CARD Community Scholarship Program pertains to accruals of educational support to the Organization's members' children. The accrual for the scholarship program is expected to be disbursed within 5 years from the reporting period.

Funds held-in-trust represents grants that are allotted for a specific purpose which will be returned to the donor if the specific purpose is not complied with.

Accounts payable includes health programs, stock dividends, claims of resigned staffs on their basic pay and billings from suppliers and contractors.

The accrued expenses account includes accrual for:

	2022	2021
Vacation leave	**₱33,213,230**	₱55,008,871
Interest expense	**5,320,064**	4,794,709
Supervision and examination	**3,810,576**	3,015,382
Grants	**35,960,191**	1,000,000
Others	**4,637,366**	2,739,798
	₱82,941,427	₱66,558,760

Other nonfinancial liabilities refer to statutory obligations (e.g., SSS, PhilHealth and Pag-IBIG) and VAT payable.

20. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of the assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from reporting date (in thousands).

	2022			2021		
	Within One Year	**Beyond One Year**	**Total**	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and cash equivalents	**₱1,444,948**	**₱–**	**₱1,444,948**	₱1,540,952	₱–	₱1,540,952
Short-term investments	**375,962**	–	**375,962**	471,737	–	471,737
Receivables	**12,159,645**	**75,178**	**12,234,823**	9,539,928	81,037	9,620,965
Financial Assets at FVOCI	–	**115,159**	**115,159**	–	97,435	97,435
Other assets	**47,050**	**27,051**	**74,101**	70,319	20,366	90,685
	14,027,605	**217,388**	**14,244,993**	11,622,936	198,838	11,821,774
Nonfinancial Assets						
Investments in subsidiaries and associates	**–**	**3,605,620**	**3,605,620**	–	2,939,747	2,939,747
Property and equipment	**–**	**475,950**	**475,950**	–	572,261	572,261
Investment properties	**–**	**101,085**	**101,085**	–	100,978	100,978
Retirement asset	**–**	**374,023**	**374,023**	–	378,453	378,453
Intangible asset	**–**	**3,623**	**3,623**	14,436	3,623	18,059
	–	**4,560,301**	**4,560,301**	14,436	3,995,062	4,009,498
	14,027,605	**4,777,689**	**18,805,294**	11,637,372	4,193,900	15,831,272
Allowance for impairment and credit losses			**(500,526)**			(555,725)
Accumulated depreciation and amortization			**(298,937)**			(399,849)
Total Assets	**₱14,027,605**	**₱4,759,575**	**₱18,005,831**	₱11,637,372	₱4,193,900	₱14,861,261
Financial Liabilities						
Accounts payable, accrued expenses and other liabilities	**₱277,252**	**₱160,959**	**₱438,211**	₱291,174	₱147,379	₱484,827
Capital build-up	**6,327,697**	**–**	**6,327,697**	5,413,474	–	5,413,474
Borrowings	**698,176**	**237,552**	**935,728**	791,016	131,594	922,610
Nonfinancial Liabilities						
Accounts payable and accrued expenses	**–**	**–**	**–**	46,274	–	–
Total Liabilities	**₱7,303,125**	**₱398,511**	**₱7,701,636**	₱6,541,937	₱278,973	₱6,820,911

21. Retirement Plan

The Organization, CARD Bank, CARD MBA, CARD SME Bank, CAMIA, CARD BDSF, CMIT, BotiCARD, CMDI, MLNI, RBI, CLFC, RISE and EMPC maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP is valued using the projected unit cost method and is financed solely by the Organization and its related parties.

MERP and the Hybrid Plan are compliant with the requirements of RA No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six (6) months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

The Hybrid Plan provides a retirement benefit equal to 100% of the member's employer accumulated value (the Organization's contributions of 8% plan salary to Fund A plus credited earnings) and 100% of the member's employee accumulated value (member's own contributions up to 10% of plan salary to Fund B plus credited earnings), if any. Provided that in no case shall 100% of the employer accumulated value in Fund A be less than 100% of plan salary for every year of credited service.

Total retirement expense in 2022 and 2021 related to Hybrid Plan amounted to ₱28.6 million and ₱20.1 million, respectively. The latest actuarial valuation report covers reporting period as of December 31, 2022.

Changes in the net defined benefit asset (liability) of the Organization for 2022 and 2021 are as follows:

2022

		Net benefit cost in the statement of revenue over expenses					Remeasurements in other comprehensive income						
	January 1	Current service cost	Net interest	Net pension expense*	Benefits paid	Transfer from (to) plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Changes in the effect of limiting net defined benefit to the asset ceiling	Subtotal	Contribution by employer	December 31
Fair value of plan assets	**₱962,703,588**	**₱–**	**₱50,016,328**	**₱50,016,328**	**(₱19,241,232)**	**(₱7,020,448)**	**(₱18,627,056)**	**₱–**	**₱–**	**₱–**	**(₱18,627,056)**	**₱39,471,873**	**1,007,303,053**
Present value of defined benefit obligation	**(481,389,992)**	**(48,425,939)**	**(24,839,724)**	**(73,265,663)**	**19,241,232**	**7,020,448**	**–**	**(8,358,458)**	**120,654,401**	**–**	**112,295,943**	**–**	**(416,098,032)**
Effects of asset ceiling	**(102,860,953)**	**–**	**(5,307,625)**	**(5,307,625)**	**–**	**–**	**–**	**–**	**–**	**(109,013,893)**	**(109,013,893)**	**–**	**(217,182,471)**
Net defined benefit asset (liability)	**₱378,452,643**	**(₱48,425,939)**	**₱19,868,979**	**(₱28,556,960)**	**₱–**	**₱–**	**(₱18,627,056)**	**(₱8,358,458)**	**₱120,654,401**	**(₱109,013,893)**	**(₱15,345,006)**	**₱39,471,873**	**₱374,022,550**

**Included in 'Salaries, wages and employee benefits' under 'Project related expenses' and 'Other expenses' in the statement of revenue over expenses*

2021

		Net benefit cost in the statement of revenue over expenses					Remeasurements in other comprehensive income						
	January 1	Current service cost	Net interest	Net pension expense*	Benefits paid	Transfer from (to) plan assets	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Changes in the effect of limiting net defined benefit to the asset ceiling	Subtotal	Contribution by employer	December 31
Fair value of plan assets	₱913,497,969	₱–	37,245,767	37,245,767	(11,133,340)	(₱10,223,539)	(4,894,060)	₱–	₱–	₱–	(4,894,060)	38,210,791	962,703,588
Present value of defined benefit obligation	(314,250,995)	(38,687,219)	(12,695,740)	(51,382,959)	11,133,340	10,223,539	–	(84,247,266)	(52,865,651)	–	(137,112,917)	–	(481,389,992)
Effects of asset ceiling	(146,764,314)	–	(5,929,278)	(5,929,278)	–	–	–	–	–	49,832,639	49,832,639	–	(102,860,953)
Net defined benefit asset (liability)	₱452,482,660	(38,687,219)	18,620,749	(20,066,470)	₱–	₱–	(4,894,060)	(84,247,266)	(52,865,651)	49,832,639	(92,174,338)	38,210,791	378,452,643

**Included in 'Salaries, wages and employee benefits' under 'Project related expenses' and 'Other expenses' in the statement of revenue over expenses*

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions. The fair value of plan assets by each class as at the end of the reporting period are as follow:

	2022	2021
Cash and cash equivalents	**₱165,096,970**	₱392,205,442
Investments:		
Debt securities – Gov't bonds	**691,513,546**	413,481,191
Debt securities – Other bonds	**52,379,759**	53,718,860
Mutual funds	–	–
Real estate	–	–
Receivables	**84,512,726**	81,444,724
Others	**13,800,052**	21,853,371
Fair value of plan assets	**₱1,007,303,053**	₱962,703,588

All plan assets do not have quoted prices in the active market except government bonds. Cash and cash equivalents are with reputable financial institutions and related parties and are deemed to be standard grade, while mutual funds, receivables and other assets are unrated. The plan assets have diverse investments and do not have any concentration risk.

MERP performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Organization's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The latest actuarial valuation study of the retirement plan covers December 31, 2021. The principal assumptions used in determining pension for the defined benefit plan are shown below:

	2022	2021
Discount rate	**7.3%**	5.2%
Future salary increases	**5.0%**	5.0%

The average duration of the defined benefit retirement liability at the end of the reporting period is 14.0 years for the Organization.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming if all other assumptions were held constant:

	2022		2021	
	Increase of 1.0%	**Decrease of 1.0%**	Increase of 1.0%	Decrease of 1.0%
Discount rate	**(₱50,242,791)**	**₱42,133,852**	(₱70,832,412)	₱58,184,596
Salary rate	**50,922,274**	**(43,359,871)**	70,204,259	(58,722,779)

Shown below are the 10-year maturity analyses of the undiscounted benefit payments of the Organization:

	2022	2021
Less than 1 year	**₱32,579,732**	₱25,936,711
More than 1 year to 5 years	**168,713,804**	130,526,386
More than 5 years to 10 years	**230,095,466**	226,556,162

The Organization plans to contribute ₱47.9 million to the defined benefit retirement plan in 2023.

22. Project-Related Expenses

This account consists of:

	2022	2021
Salaries, wages and employee benefits (Note 21 and 27)	**₱1,754,008,556**	₱1,627,667,652
Transportation and travel	**652,044,013**	536,536,832
Provision for credit and impairment losses (Note 16)	**327,850,828**	522,568,946
Supplies and materials	**246,918,158**	217,962,387
Rental expenses (Note 26)	**143,255,898**	155,590,787
Information technology (Note 27)	**122,066,181**	137,552,354
Interest expense (Notes 17,18 and 26)	**108,634,190**	116,464,353
Depreciation and amortization (Note 13)	**101,120,436**	84,709,293
Staff training and development (Note 27)	**67,906,178**	36,800,129
Janitorial, messengerial and security	**53,028,778**	83,075,839
Utilities	**50,802,419**	40,702,782
Program monitoring and evaluation	**47,272,966**	31,434,107
Taxes and licenses	**45,931,828**	39,699,199
Communication and postage	**35,481,249**	26,985,549
Client training and development	**16,209,125**	7,352,260
Repairs and maintenance	**14,826,189**	10,490,582
Seminars and meetings	**8,699,714**	4,369,986
Insurance expense	**4,224,476**	4,578,809
Others	**89,119,764**	77,041,362
	₱3,889,400,946	₱3,761,583,208

Other expenses include representation, periodicals and magazines, membership and dues, supervision and examination, management and other professional fees, advertising and publicity and miscellaneous expenses.

23. Income and Other Taxes

On November 3, 2015, RA No. 10693 otherwise known as "An Act Strengthening Nongovernment Organizations (NGOs) Engaged in Microfinance Operations for the Poor" (the "Microfinance NGOs Act" or the "Act") was approved and signed by the President of the Republic of the Philippines. The law was enacted by virtue of the policy of the State to pursue a program of poverty eradication wherein poor Filipino families shall be encouraged to undertake entrepreneurial activities to meet their minimum basic needs. The law shall apply to all NGOs with the primary purpose of implementing a microenterprise development strategy and providing microfinance programs, products and services for the poor. These shall be referred to as "Microfinance NGOs".

Under RA No.10693, a duly registered and accredited Microfinance NGO shall pay a two percent (2.00%) tax based on its gross receipts from microfinance operations in lieu of all national taxes. Provided, that preferential tax treatment shall be accorded only to NGOs whose primary purpose is microfinance and only on their microfinance operations catering to the poor and low-income individuals in alignment with the main goal of this Act to alleviate poverty. The non-microfinance activities of Microfinance NGOs shall be subject to all applicable regular taxes.

In August 16, 2016, the Implementing Rules and Regulations (the IRR) of the Microfinance NGOs Act was signed. The IRR provides for a transitional accreditation that upon effectivity of the Act, Microfinance NGOs which are certified by the SEC to have no derogatory information shall be deemed accredited for one (1) year, unless earlier revoked by the Council for good cause after review. The Organization obtained its certification from the SEC on August 2, 2016.

Beginning September 2016, the Organization adopted the new law and paid income taxes based on the 2.00% of all its gross receipts from microfinance operations. Total gross receipts from microfinance operations for 2022 and 2021 amounted to ₱4,258.7 million and ₱4,258.7 million, respectively, while the related income tax expense based on the 2% preferential rate for the period ended 2022 and 2021 amounted to ₱85.1 million and ₱85.1 million, respectively.

The provision for income tax consists of:

	2022	2021
Current income tax	**₱117,163,668**	₱88,513,949
Final tax	**3,556,386**	5,098,295
	₱120,720,054	₱93,612,244

The reconciliation between the statutory income tax and the effective income tax of the Organization follows:

	2022	2021
Statutory income tax	**₱596,787,215**	₱243,316,479
Income tax effects of:		
Income subject to preferential tax of 2%	**(1,292,471,637)**	(979,491,768)
Expenses from tax-exempt activities	**1,037,566,909**	1,076,088,680
Nontaxable income	**(220,271,976)**	(119,842,045)
Income subject to final tax	**(890,457)**	(126,459,102)
	₱120,720,054	₱93,612,244

24. Grants and Donations

Grants and donations consist of donations received from various donors in which the Organization may freely use the amount for its mandated activities. The Organization recognized the grants and donations in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate.

The Organization realized the following grants/donations in 2022 and 2021:

	2022	2021
Zero Dropout Educational Program	**₱958,971**	₱868,390
Aboitiz Foundation	–	786,684
Others	**60,000**	2,453,285
	₱1,018,971	₱4,108,359

Donations from Aboitiz Foundation represent funds to establish new branches, subject to the condition that such shall be used solely as funding source for the microfinance loans to be granted to qualified applicants of the new branches.

Grants for the Zero Dropout Educational Program represent funds received from various donors for the educational loan fund component of such program. The educational loan fund serves as a revolving fund that grants loans to CARD MRI member and non-member borrowers for the purpose of enabling them to enroll their children in elementary school and for these children to complete their elementary education.

Others pertain to donations from staff, officers and other external organizations intended to provide financial assistance to the organization's clients in times of calamities and pandemic.

25. Other Income and Other Administrative Expenses

Other income consists of:

	2022	2021
Dividend income (Notes 11 and 27)	**₱23,496,309**	₱8,754,900
Interest (Notes 6, 7 and 27)	**17,787,372**	25,494,527
Miscellaneous income	**10,950,640**	8,432,634
Rent (Notes 14 and 27)	**7,365,812**	6,658,171
Others	**24,989,615**	10,406,032
	₱84,589,748	₱59,746,264

Miscellaneous income includes technical assistance fees from international partners, income from dollar conversion, ECpay transactions and other small value-income that are not recurring.

Others pertains to the gain on sale of property and equipment, cash overages and recoveries of receivables previously written-off.

Other administrative expenses consist of:

	2022	2021
Miscellaneous (Note 13)	**₱34,082,206**	₱3,565,092
Salaries, wages and employee benefits (Note 21)	**30,300,264**	10,990,481
Program monitoring and evaluation	**4,819,769**	1,303,705
Transportation and travel	**3,803,708**	458,430

(Forward)

	2022	2021
Depreciation and amortization (Notes 13 and 14)	**₱3,111,794**	₱2,984,413
Taxes and licenses	**3,110,514**	552,924
Rental expenses	**2,619,244**	2,557,382
Management and other professional fees	**1,528,494**	2,153,356
Seminars and meetings	**1,729,931**	1,381,834
Supplies and materials	**1,228,729**	1,244,535
Staff training and development	**653,860**	309,984
Representation	**195,741**	124,036
	₱87,184,254	₱27,626,172

Miscellaneous expense includes client training and development, communication and postage, insurance, repairs and maintenance, periodicals and magazines, advertising and publicity, information technology, utilities, and miscellaneous.

26. Lease Contracts

As a Lessee
The Organization leases the premises occupied by its unit offices, as well as staff houses of its employees. The lease contracts are for periods ranging from three (3) months to twenty-four (24) months and are renewable upon mutual agreement between the Organization and the lessors. In 2022 and 2021, total 'Rental expense' under 'Project related expenses' amounted to ₱143.3 million and ₱155.6 million, respectively (Note 22).

The Organization recognized rent expense amounting to ₱145.9 million and ₱158.1 million in 2022 and 2021, respectively. Rent expense in 2021 pertains to expenses from short-term leases and leases of low-value assets.

In 2022 and 2021, the Organization recognized interest income arising from amortization of security deposit amounted to ₱0.3 million and ₱0.4 million, respectively (Note 25).

As of December 31, 2022, and 2021, the Organization has no contingent rent payable.

The following are the amounts recognized in the Organization's statements of revenue over expenses:

	2022	2021
Depreciation expense of ROU assets included in property and equipment	**₱72,943,411**	₱104,326,453
Interest expense on lease liabilities	**2,745,340**	3,163,374
Lease payments relating to short-term leases and leases with low value assets	**145,875,142**	155,590,787
Total amount recognized in statement of income	**₱221,563,893**	₱263,080,614

As of December 31, 2022 and 2021, the carrying amount of 'lease liabilities' in the Organization is as follows:

	2022	2021
Balance at beginning of year	**₱64,409,348**	₱46,742,440
Additions	**82,980,180**	71,236,868
Interest expense	**2,745,340**	3,062,826
Payments	**(78,406,974)**	(56,632,788)
	₱71,727,894	₱64,409,346

Shown below is the maturity analysis of the undiscounted lease payments for 2022 and 2021:

	2022	2021
Within one year	**₱46,613,522**	₱40,121,615
After one year but within two years	**21,812,437**	8,369,594
	₱68,425,959	₱48,491,209

As a Lessor
The Organization's operating lease contracts generally have terms of one to five years. Operating lease income included as 'Rent' under 'Other income' in 2022 and 2021 amounted to ₱7.4 million and ₱6.7 million (Note 25).

The future aggregate minimum rentals receivable under operating lease of the Organization are as follow:

	2022	2021
Within one year	**₱5,967,479**	₱7,446,945
After one year but within five years	**₱6,498,939**	₱6,915,851

27. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Organization's related parties include:

- key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- post-employment benefit plans for the benefit of the Management's employees; and
- other related parties within the CARD MRI Group

The Organization has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business and on substantially same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties. These transactions also did not involve more than the normal risk of collectability or present other unfavorable conditions.

Remunerations of Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Organization, directly or indirectly. The Organization

considers the members of the senior management to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

The compensation of key management personnel included under ‘Project related expenses’ and ‘Other administrative expenses’ in the statements of revenue over expenses are as follows:

	2022	2021
Short-term employee benefits	**₱46,235,064**	₱45,492,107
Post-employment benefits	**75,905,704**	64,753,182
	₱122,140,768	₱110,245,289

Other related party transactions
Transactions between the Organization and its key management personnel meet the definition of related party transactions. Transactions between the Organization and its associates and other related parties within the CARD MRI also qualify as related party transactions.

Cash and cash equivalents, accounts payable and accounts receivable
Cash and cash equivalents, accounts payable and accounts receivable held by the Organization for key management personnel, associates, and other related party as at December 31, 2022 and 2021 follow:

	December 31, 2022		
Category	**Amount/Volume**	**Outstanding Balance**	**Nature, Terms and Conditions**
Associates:			
Cash and cash equivalents			These are savings, checking and time deposit accounts with annual interest rates ranging from 0.75% to 5.7%.
Deposits	**₱4,965,701,114**	**₱464,385,681**	
Withdrawals	**(5,135,877,526)**		
Due to affiliates			The amount represents the share of expenses still payable to the associates (Note 19).
Billings	**20,525,817**	**74,508**	
Payments	**(20,533,357)**		
Due from affiliates			The amount represents the associates’ share of expenses (Note 9).
Billings	**14,140,142**	–	
Collections	**(14,153,036)**		
Other related parties:			
Due to affiliates			The amount represents share of expenses still payable to the affiliates (Note 19).
Billings	**128,925,549**	**2,394,940**	
Payments	**(128,280,026)**		
Due from affiliates			The amount represents the affiliates’ share of expenses still payable to the Organization (Note 9).
Billings	**21,843,357**	**550,959**	
Collections	**(26,190,299)**		

	December 31, 2021		
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Associates:			
Cash and cash equivalents			These are savings, checking and time deposit accounts with annual interest rates ranging from 0.05% to 3.75%.
Deposits	₱3,110,321,150	₱630,235,939	
Withdrawals	(4,114,383,985)		
Due to affiliates			The amount represents the share of expenses still payable to the associates (Note 19).
Billings	6,844,637	10,468	
Payments	(6,922,969)		
Due from affiliates			The amount represents the associates’ share of expenses (Note 9).
Billings	16,051,776	103.100	
Collections	(15,948,677)		

(Forward)

	December 31, 2021		
Category	Amount/Volume	Outstanding Balance	Nature, Terms and Conditions
Due to affiliates			The amount represents share of expenses still payable to the affiliates (Note 19).
Billings	₱91,327,809	₱1,140,267	
Payments	(94,358,199)		
Due from affiliates			The amount represents the affiliates' share of expenses still payable to the Organization (Note 9).
Billings	78,340,210	4,752,231	
Collections	(73,587,979)		

Others

Other related party transactions of the Organization are as follows:

	2022	2021	Nature, Terms and Conditions
Statement of Assets, Liabilities and Fund Balance			
Associates:			
Short-term investments	**₱114,977,564**	₱257,383,281	These are time deposits with maturities of more than three months but less than one year with annual interest ranging from **0.63% to 4%.**
Financial Assets at FVOCI	**95,524,184**	94,434,585	This pertains to investment in preferred shares of CARD Bank and in common shares of BotiCARD Inc., CMRBI preferred shares and AppendPay Corporation (Note 11)
Investment in associates	**3,546,790,852**	2,883,555,815	This refers to investment in common shares of associates (Note 12).
Dividends received	**432,836,552**	135,168,861	Share of dividend from investment in associates (Note 12).
Subscription payable	**1,017,840**	67,815,425	Represents payable for the shares of stock (Note 19).
Statement of Comprehensive Income			
Associates:			
Interest income	**6,580,897**	10,278,673	These are interest earned by savings, time deposit and short-term investment accounts of the Organization.
Dividend income	**23,496,309**	8,754,900	This pertains to dividends earned from common and preferred shares financial assets at FVOCI of the Organization
Rent income	**7,014,245**	5,850,871	These are income earned from premises rented out by the Parent Company to other CARD MRI institutions Organization
Information technology	**122,066,181**	137,552,354	This pertains to the CMIT's rendered services in relation to system maintenance agreement (Note 22).

(Forward)

	2022	2021	Nature, Terms and Conditions
Other related parties:			
Rent income	**351,567**	807,300	These are income earned from premises rented out by the Parent Company to other CARDMRI institutions (Note 25).
Seminars and training	**48,003,851**	30,722,907	These are trainings and development costs for the members and employees conducted by CMDI. Related seminars and training expenses incurred are shown as part of 'Staff training and development' and 'Client training and development' in the statement of revenue over expenses.
Charitable contributions	**27,000,000**	6,000,000	These are grants and donations provided for by the Parent Company as assistance for the operations of other CARD MRI institutions.

Other related party transactions include:

a. The Organization entered into a usufruct agreement with CMDI. The grant of the usufruct was made by the Organization without consideration and for the purpose of assisting CMDI in its objective of pursuing the development of microfinance in the country. The usufruct shall be for a period of ten years from July 1, 2005 to June 30, 2015, unless sooner terminated as provided in the usufruct agreement. The agreement was extended for additional six years which will end on April 30, 2024. The usufruct is subject to certain terms and conditions as agreed by the Organization and CMDI.

b. The fund assets of the Organization are maintained by CARD MRI MERP and CARD Group Employees' Retirement Plan (Note 21).

28. Appropriation of Fund Balance

On June 20, 2009, the Organization's BOT approved the appropriation of ₱50.0 million for future acquisitions and/or improvements of investment properties. All subsequent receipts generated from these investment properties are also treated as additional appropriated fund in the succeeding years.

On December 31, 2022 and 2021, receipts of rental income amounting to ₱7.4 million and ₱6.7 million, respectively (Note 25), are appropriated, bringing the total appropriation to ₱128.9 million and ₱121.5 million as at December 31, 2022 and 2021, respectively.

29. Supplementary Information for Cash Flow Analysis

The following table shows the reconciliation analysis of liabilities arising from financing activities for the period ended December 31, 2022 and 2021:

	2022		
	Borrowings (Note 18)	**Lease liabilities** (Notes 26)	**Total liabilities from financing activities**
Beginning balances as at January 1, 2022, as reported	**₱922,610,243**	**₱64,409,348**	**998,019,591**
Cash flows			
Proceeds	**1,112,668,000**	**–**	**1,112,668,000**
Settlements	**(1,104,310,243)**	**(78,406,974)**	**(1,182,717,217)**
Non-cash items			
Net foreign exchange loss on borrowings	**4,760,000**	**–**	**4,760,000**
New lease contracts entered during the year	**–**	**82,980,180**	**82,980,180**
Amortization on interest expenses of lease liabilities	**–**	**2,745,340**	**2,745,340**
Ending balances as of December 31, 2022	**₱935,728,000**	**₱71,727,894**	**₱1,007,455,894**

	2021		
	Borrowings (Note 18)	**Lease liabilities** (Notes 26)	**Total liabilities from financing activities**
Beginning balances as at January 1, 2021, as reported	₱1,734,176,000	₱46,742,440	₱1,780,918,440
Cash flows			
Proceeds	925,993,000	–	925,993,000
Settlements	(1,740,865,757)	(56,632,787)	(1,797,498,544)
Non-cash items			
Net foreign exchange gain on borrowings	3,307,000	–	3,307,000
New lease contracts entered during the year	–	71,236,868	71,236,868
Amortization on interest expenses of lease liabilities	–	3,062,826	3,062,826
Ending balances as of December 31, 2021	₱922,610,243	₱64,409,347	₱987,019,590

The Organization's noncash activity pertains to additions to ROU assets amounting to ₱86.8 million as of December 31, 2022.

30. Approval for the Release of the Financial Statements

The accompanying financial statements of the Organization were reviewed and approved for release by the Organization's BOT on April 28, 2023.

31. Supplementary Information Required Under Revenue Regulations 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR 21-2002 which provides that starting 2010, the notes to the financial statements shall include information on taxes and licenses paid or accrued during the year.

The components of 'Taxes and licenses' included in 'Project related expense' and 'Other administrative expense' in the statement of revenue over expenses as follows:

Business permits and licenses	₱ 34,962,215
Documentary stamp tax	1,874,398
Real property tax	536,183
Community tax certificate	279,701
Others	11,389,845
	₱ 49,042,342

Withholding taxes in 2022 are categorized into:

	Paid	Accrued
Compensation and benefits	₱5,071,463	₱2,678,140
Final income taxes - interest on CBU	15,569,427	2,177,842
Expanded withholding tax - rent expense	9,836,692	916,717
Expanded withholding tax -others	6,285,243	789,665
Expanded withholding tax - professional fee	450,880	88,956
	₱37,213,705	₱6,651,320

Other taxes represent Value Added Tax (VAT) for PFRS 16 finance lease liability, taxes on loans and capital gains tax.

Tax Assessments and Cases

As at December 31, 2022, the Organization has no outstanding tax assessment notice from the BIR or cases in court or bodies outside the BIR. Subsequently, the Organization received letter of authority (LOA) from BIR dated March 17, 2022 covering the taxable year ended December 31, 2020.

32. Supplementary Information Required Under BSP Circular 1075

Presented below is the supplementary information required by BSP under Appendix N-19-c of BSP Circular No. 1075 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

A. Total volume/value of remittance transactions

Type of Transactions	No. of Transactions	Amount in USD	Amount in PHP
A. International inward (Payout) remittance transactions	–	–	₱–
B. International outward (Send Out) remittance transactions	–	–	–
C. Domestic inward (Payout) remittance transactions	28,776	–	640,545,606
D. Domestic outward (Send Out) remittance transactions	39,178	–	311,078,867
E. Foreign currencies bought	–	–	–
F. Foreign currencies sold	–	–	–
G. International inward (Payout) remittance facilitated through VC	–	–	–
H. International outward (Send Out) remittance facilitated through VC	–	–	–
I. Exchange of VC to Philippine peso/other currency	–	–	–
J. Exchange of Philippine peso/other currency to VC	–	–	–

B. Basic quantitative indicator of financial performance

The following basic ratios measure the financial performance of the Organization:

	2022	2021
Return on average equity	**24.73%**	11.28%
Return on average assets	**13.80%**	5.99%

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