

**Center for Agriculture and  
Rural Development (CARD), Inc.  
(A Microfinance NGO)**

Financial Statements  
December 31, 2022 and 2021

and

Independent Auditor's Report



## 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.



**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**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b> (Notes 6 and 27)	<b>₱1,444,948,157</b>	₱1,540,951,968
<b>Short-term Investments</b> (Notes 7 and 27)	<b>375,962,207</b>	471,736,883
<b>Receivables</b>		
Receivables from members (Note 8)	<b>11,574,695,492</b>	8,862,662,255
Due from affiliates (Notes 9 and 27)	<b>550,959</b>	4,855,330
Other receivables (Note 10)	<b>164,682,492</b>	203,354,006
<b>Financial Assets at FVOCI</b> (Notes 11 and 27)	<b>97,045,895</b>	97,434,585
<b>Investments in Subsidiaries and Associates</b> (Note 12)	<b>3,605,620,019</b>	2,939,746,916
<b>Property and Equipment</b> (Note 13)	<b>239,151,828</b>	231,071,510
<b>Investment Properties</b> (Note 14)	<b>35,799,442</b>	37,929,604
<b>Retirement Asset</b> (Note 21)	<b>374,022,550</b>	378,452,643
<b>Other Assets</b> (Note 15)	<b>75,238,871</b>	93,065,459
	<b>₱17,987,717,912</b>	₱14,861,261,159
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
<b>Capital Build Up</b> (Note 17)	<b>₱6,327,696,704</b>	₱5,413,474,262
<b>Borrowings</b> (Note 18)	<b>935,728,000</b>	922,610,243
<b>Accounts Payable and Other Liabilities</b> (Note 19)	<b>438,211,664</b>	484,826,730
	<b>7,701,636,368</b>	6,820,911,235
<b>FUND BALANCE ATTRIBUTABLE TO PARENT COMPANY</b>		
<b>Fund Balance</b>		
General fund	<b>10,050,873,260</b>	7,791,810,266
Restricted fund (Note 28)	<b>128,838,146</b>	121,472,334
<b>Reserves</b>		
Remeasurement gain on retirement plan (Note 21)	<b>104,933,083</b>	120,278,089
Equity in other comprehensive loss of associates (Note 12)	<b>(2,049,055)</b>	(15,795,365)
Unrealized gain on financial assets at FVOCI (Note 11)	<b>3,486,110</b>	22,584,600
	<b>10,286,081,544</b>	8,040,349,924
	<b>₱17,987,717,912</b>	₱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**

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

*See accompanying Notes to Financial Statements.*



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

**STATEMENTS OF COMPREHENSIVE INCOME**

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

*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		Remeasurement Gain (Loss) on Retirement Plan (Note 21)	Reserves			Total
	General Fund	Restricted Fund		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)		
<b>Balance at January 1, 2022</b>	<b>₱7,791,810,266</b>	<b>₱121,472,334</b>	<b>₱120,278,089</b>	<b>(₱15,795,365)</b>	<b>₱22,584,600</b>	<b>₱8,040,349,924</b>	
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	
<b>Balance at December 31, 2022</b>	<b>₱10,050,873,260</b>	<b>₱128,838,146</b>	<b>₱104,933,083</b>	<b>(₱2,049,055)</b>	<b>₱3,486,110</b>	<b>₱10,286,081,544</b>	
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**

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

*(Forward)*



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

*See accompanying Notes to Financial Statements.*



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

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**NOTES TO FINANCIAL STATEMENTS**

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**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.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

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:

	Country of Incorporation	Percentages of Ownership	
		December 31 2022	2021
<b>Subsidiaries</b>			
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%
<b>Associates</b>			
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.

#### Cash and Cash Equivalents

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.

#### Financial Instruments – Initial Recognition and Subsequent Measurement

##### *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 if 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 Organization 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 5 years 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.

Costs and Expenses

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.

### Leases

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 Organization.

- 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.

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### 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.

#### Judgments

##### *(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.

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#### 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
<b>Assets for which fair values are measured:</b>				
<b>Financial assets</b>				
Financial assets at FVOCI	₱97,045,895	₱97,045,895	₱97,434,585	₱97,434,585
<b>Assets for which fair values are disclosed:</b>				
<b>Nonfinancial assets</b>				
Investment properties	37,799,442	41,983,961	37,929,604	52,407,169
<b>Financial liabilities</b>				
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.

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## 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.

### Credit Risk

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
<b>2022</b>				
Receivable from members	₱11,575	₱3,841	₱3,841	₱7,734
<b>2021</b>				
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			
	Stage 1	ECL Staging Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	P-	P-	P-	P-
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
<b>Gross carrying amount</b>	<b>₱11,780,320</b>	<b>₱71,031</b>	<b>₱146,993</b>	<b>₱11,998,344</b>

	2021			
	Stage 1	ECL Staging Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Lifetime ECL	
Neither past due nor impaired				
High grade	P-	P-	P-	P-
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
<b>Gross carrying amount</b>	<b>₱8,766,821</b>	<b>P-</b>	<b>₱764,632</b>	<b>₱9,531,453</b>

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

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

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			Total
	30 Days	31 to 60 Days	61 to 90 Days	
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
	<b>₱35,339</b>	<b>₱36,307</b>	<b>₱34,696</b>	<b>₱106,342</b>



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
<b>2022</b>						
<b>Financial Assets</b>						
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
<b>Total Financial Assets</b>	<b>618,766</b>	<b>1,470,433</b>	<b>3,232,769</b>	<b>10,282,097</b>	<b>219,616</b>	<b>15,823,681</b>
<b>Financial Liabilities</b>						
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
<b>Total Financial Liabilities</b>	<b>-</b>	<b>990,726</b>	<b>2,262,997</b>	<b>4,049,403</b>	<b>398,511</b>	<b>7,701,637</b>
<b>Net Undiscounted Cash Flows</b>	<b>₱618,766</b>	<b>₱479,707</b>	<b>₱969,772</b>	<b>₱6,232,694</b>	<b>(₱178,895)</b>	<b>₱8,122,044</b>

	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
<b>2021</b>						
<b>Financial Assets</b>						
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
<b>Total Financial Assets</b>	<b>672,474</b>	<b>1,934,725</b>	<b>2,854,784</b>	<b>7,271,949</b>	<b>200,780</b>	<b>12,934,712</b>
<b>Financial Liabilities</b>						
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
<b>Total Financial Liabilities</b>	<b>5,413,474</b>	<b>39,821</b>	<b>273,356</b>	<b>769,012</b>	<b>278,974</b>	<b>6,774,637</b>
<b>Net Undiscounted Cash Flows</b>	<b>(₱4,741,000)</b>	<b>₱1,894,904</b>	<b>₱2,581,428</b>	<b>₱6,502,937</b>	<b>(₱78,194)</b>	<b>₱6,160,075</b>



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
<b>2022</b>		
<b>USD</b>	+5.0	₱2,268,670
	-5.0	(2,269,670)
<b>Euro</b>	+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.

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## 6. Cash and Cash Equivalents

This account consists of:

	2021	2021
Cash on hand	<b>₱145,571</b>	₱108,375
Cash in banks (Note 27)	<b>1,444,802,586</b>	1,540,843,593
	<b>₱1,444,948,157</b>	₱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).

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## 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)
	<b>₱11,574,695,492</b>	<b>₱8,862,662,255</b>

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	<b>₱5,619,441,897</b>	<b>₱4,258,659,859</b>

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	<b>₱550,959</b>	<b>₱4,855,330</b>



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).

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## 10. Other Receivables

This account consists of:

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

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## 11. Financial Assets at FVOCI

This account consists of:

	2022	2021
Non-listed equity investments		
CARD Bank Inc.	<b>₱72,202,400</b>	₱53,492,600
CMRBI	<b>15,117,400</b>	15,117,400
BotiCARD Inc.	<b>5,249,985</b>	5,249,985
AppendPay Corporation	<b>990,000</b>	990,000
	<b>93,559,785</b>	74,849,985
Unrealized fair value gain	<b>3,486,110</b>	22,584,600
	<b>₱97,045,895</b>	₱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
<b>Balance at end of year</b>	<b>₱3,486,110</b>	<b>₱22,584,600</b>

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
<b>Acquisition cost</b>		
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
	<b>67,008,507</b>	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	<b>₱5,811,300</b>	₱6,386,650
MIDAS – 10.7% owned in 2022 and 2021	<b>1,304,133</b>	1,304,133
CARD MRI Hijos Tours – 40.0% owned in 2022 and 2021	<b>799,985</b>	799,985
CARD MRI Publishing House – 30.0% owned in 2022 and 2021	<b>300,000</b>	150,000
MLNI – 25.1% owned in 2022	<b>2,192,300</b>	–
CARD Matapat Holdings – 31.0% owned in 2022	<b>48,240,100</b>	–
	<b>1,527,906,119</b>	1,292,963,569
<b>Accumulated equity in net earnings:</b>		
Balance at beginning of year	<b>1,597,915,861</b>	1,253,716,541
Share in net income of associates and subsidiaries for the year	<b>847,675,139</b>	479,368,181
Dividends received	<b>(432,836,552)</b>	(135,168,861)
	<b>2,012,754,448</b>	1,597,915,861
<b>Accumulated equity in other comprehensive income (loss):</b>		
Balance at beginning of year	<b>(15,795,365)</b>	(594,653)
Share in comprehensive income (loss) of associates and subsidiaries for the year	<b>13,746,310</b>	(15,200,713)
	<b>(2,049,055)</b>	(15,795,366)
	<b>₱3,605,620,019</b>	₱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 Jr. 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:

	<b>2022</b>	2021
CARD Bank	<b>₱331,791,133</b>	₱40,721,995
CAMIA	<b>27,472,800</b>	9,157,500
CMRBI	<b>24,530,000</b>	23,917,300
CMIT	<b>22,039,031</b>	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	<b>₱432,836,552</b>	<b>₱135,168,861</b>

**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									CARD	CARD Mga Likha ni	CARD		
	SME Bank	CARD Bank	CMIT	CAMIA	CMA	CMRBI	CLFC	CMPM	CMHI	Hijos Tours	Publishing House	Inay	Matapat Holdings	MIDAS
<b>Statement of assets, liabilities and fund balance</b>														
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	-	-	-
<b>Statement of revenue over expenses</b>														
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
<b>Statement of comprehensive income (loss)</b>														
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									CARD	CARD			
	SME Bank	CARD Bank	CMIT	CAMIA	CMA	CMRBI	CLFC	CMPM	CMHI	Hijos Tours	Publishing House			MIDAS
<b>Statement of assets, liabilities and fund balance</b>														
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
<b>Statement of revenue over expenses</b>														
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
<b>Statement of comprehensive income (loss)</b>														
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
<b>2022</b>							
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)
<b>Balance at end of year</b>	<b>79,888,321</b>	<b>109,701,210</b>	<b>22,999,492</b>	<b>122,256,848</b>	<b>140,024,448</b>	<b>1,080,000</b>	<b>475,950,319</b>
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)
<b>Balance at end of year</b>	<b>-</b>	<b>78,142,557</b>	<b>17,744,842</b>	<b>74,961,680</b>	<b>65,949,412</b>	<b>-</b>	<b>236,798,491</b>
<b>Net Book Value</b>	<b>₱79,888,321</b>	<b>₱31,558,653</b>	<b>₱5,254,650</b>	<b>₱47,295,168</b>	<b>₱74,075,036</b>	<b>₱1,080,000</b>	<b>₱239,151,828</b>

	Land	Building and Improvements	Transportation Equipment	Furniture and Equipment	Right-of-use Asset	Total
<b>2021</b>						
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)
<b>Balance at end of year</b>	<b>79,888,321</b>	<b>108,119,495</b>	<b>40,085,241</b>	<b>178,343,447</b>	<b>165,824,837</b>	<b>572,261,341</b>
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)
<b>Balance at end of year</b>	<b>-</b>	<b>73,298,280</b>	<b>37,794,008</b>	<b>125,771,090</b>	<b>104,326,453</b>	<b>341,189,831</b>
<b>Net Book Value</b>	<b>₱79,888,321</b>	<b>₱34,821,215</b>	<b>₱2,291,233</b>	<b>₱52,572,357</b>	<b>₱61,498,384</b>	<b>₱231,071,510</b>

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
	<b>₱104,715,992</b>	<b>₱88,205,029</b>

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
<b>Balance at end of year</b>	<b>₱28,442,566</b>	<b>₱72,642,582</b>	<b>₱101,085,148</b>
Accumulated Depreciation			
Balance at beginning of year	–	57,417,224	57,417,224
Depreciation and amortization	–	2,237,162	2,237,162
<b>Balance at end of year</b>	<b>–</b>	<b>59,654,386</b>	<b>59,654,386</b>
Allowance for impairment losses (Note 16)	(5,631,320)	–	(5,631,320)
<b>Net Book Value</b>	<b>₱22,811,246</b>	<b>₱12,988,196</b>	<b>₱35,799,442</b>

	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)
<b>Net Book Value</b>	<b>₱22,811,246</b>	<b>₱15,118,358</b>	<b>₱37,929,604</b>

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
<b>Financial assets</b>		
Security deposit	₱19,338,122	₱18,697,442
Others	44,452,524	59,551,094
	<b>63,790,646</b>	<b>78,248,536</b>
<b>Nonfinancial assets</b>		
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
	<b>11,448,225</b>	<b>14,816,923</b>
	<b>₱75,238,871</b>	<b>₱93,065,459</b>

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
<b>Cost</b>		
Balance at beginning of year	₱3,622,862	₱3,622,862
Additions	-	-
Balance at end of year	<b>3,622,862</b>	<b>3,622,862</b>
<b>Accumulated Amortization</b>		
Balance at beginning of year	1,242,120	-
Amortization (Note 22)	1,242,120	1,242,120
Balance at end of year	<b>2,484,240</b>	<b>1,242,120</b>
<b>Net Book Value</b>	<b>₱1,138,622</b>	<b>₱2,380,742</b>

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)			Other Receivables (Note 10)	Investment Properties (Note 14)	Other Assets (Note 15)	Total
	Project Assistance Receivable	Member Assistance Receivable	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)			Other Receivables (Note 10)	Investment Properties (Note 14)	Other Assets (Note 15)	Total
	Project Assistance Receivable	Member Assistance Receivable	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
<b>Movements with P&amp;L impact</b>				
<b>Transfers:</b>				
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)
<b>Total net P&amp;L charge during the period</b>	<b>₱51,360,765</b>	<b>₱-</b>	<b>₱222,872,076</b>	<b>₱272,232,841</b>

(Forward)



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

	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
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
<b>Total net P&amp;L charge during the period</b>	<b>151,370,093</b>	<b>-</b>	<b>370,965,704</b>	<b>522,335,797</b>
<b>Other movements without P&amp;L impact</b>				
Write-offs and other movements	₱-	₱-	(₱199,251,094)	(₱199,251,094)
<b>Total movements without P&amp;L impact</b>	<b>-</b>	<b>-</b>	<b>(199,251,094)</b>	<b>(199,251,094)</b>
<b>Loss allowance at December 31, 2021</b>	<b>₱155,147,125</b>	<b>₱-</b>	<b>₱369,643,671</b>	<b>₱524,790,796</b>

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

	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
<b>Gross carrying amount at January 1, 2022</b>	<b>₱8,640,023,929</b>	<b>₱-</b>	<b>₱747,429,123</b>	<b>₱9,387,453,052</b>
<b>Movements with provision impact</b>				
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)
<b>Gross carrying amount at December 31, 2022</b>	<b>₱11,780,319,879</b>	<b>₱-</b>	<b>₱116,200,787</b>	<b>₱12,462,691,045</b>





	ECL Staging			Total
	Stage 1	Stage 2	Stage 3	
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
<b>Financial liabilities</b>		
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
	<b>379,406,422</b>	<b>438,552,562</b>
<b>Nonfinancial liabilities</b>		
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
	<b>58,805,242</b>	<b>46,274,168</b>
	<b>₱438,211,664</b>	<b>₱484,826,730</b>

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
	<b>₱82,941,427</b>	<b>₱66,558,760</b>

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
<b>Financial Assets</b>						
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
<b>Nonfinancial Assets</b>						
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)
<b>Total Assets</b>	<b>₱14,027,605</b>	<b>₱4,759,575</b>	<b>₱18,005,831</b>	<b>₱11,637,372</b>	<b>₱4,193,900</b>	<b>₱14,861,261</b>
<b>Financial Liabilities</b>						
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
<b>Nonfinancial Liabilities</b>						
Accounts payable and accrued expenses	-	-	-	46,274	-	-
<b>Total Liabilities</b>	<b>₱7,303,125</b>	<b>₱398,511</b>	<b>₱7,701,636</b>	<b>₱6,541,937</b>	<b>₱278,973</b>	<b>₱6,820,911</b>

## 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	<b>₱165,096,970</b>	₱392,205,442
Investments:		
Debt securities – Gov’t bonds	<b>691,513,546</b>	413,481,191
Debt securities – Other bonds	<b>52,379,759</b>	53,718,860
Mutual funds	–	–
Real estate	–	–
Receivables	<b>84,512,726</b>	81,444,724
Others	<b>13,800,052</b>	21,853,371
<b>Fair value of plan assets</b>	<b>₱1,007,303,053</b>	₱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	<b>7.3%</b>	5.2%
Future salary increases	<b>5.0%</b>	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%
<b>Discount rate</b>	<b>(₱50,242,791)</b>	<b>₱42,133,852</b>	(₱70,832,412)	₱58,184,596
<b>Salary rate</b>	<b>50,922,274</b>	<b>(43,359,871)</b>	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	<b>₱32,579,732</b>	₱25,936,711
More than 1 year to 5 years	<b>168,713,804</b>	130,526,386
More than 5 years to 10 years	<b>230,095,466</b>	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)	<b>₱1,754,008,556</b>	₱1,627,667,652
Transportation and travel	<b>652,044,013</b>	536,536,832
Provision for credit and impairment losses (Note 16)	<b>327,850,828</b>	522,568,946
Supplies and materials	<b>246,918,158</b>	217,962,387
Rental expenses (Note 26)	<b>143,255,898</b>	155,590,787
Information technology (Note 27)	<b>122,066,181</b>	137,552,354
Interest expense (Notes 17,18 and 26)	<b>108,634,190</b>	116,464,353
Depreciation and amortization (Note 13)	<b>101,120,436</b>	84,709,293
Staff training and development (Note 27)	<b>67,906,178</b>	36,800,129
Janitorial, messengerial and security	<b>53,028,778</b>	83,075,839
Utilities	<b>50,802,419</b>	40,702,782
Program monitoring and evaluation	<b>47,272,966</b>	31,434,107
Taxes and licenses	<b>45,931,828</b>	39,699,199
Communication and postage	<b>35,481,249</b>	26,985,549
Client training and development	<b>16,209,125</b>	7,352,260
Repairs and maintenance	<b>14,826,189</b>	10,490,582
Seminars and meetings	<b>8,699,714</b>	4,369,986
Insurance expense	<b>4,224,476</b>	4,578,809
Others	<b>89,119,764</b>	77,041,362
	<b>₱3,889,400,946</b>	₱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
	<b>₱120,720,054</b>	<b>₱93,612,244</b>

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)
	<b>₱120,720,054</b>	<b>₱93,612,244</b>

## 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	<b>₱958,971</b>	₱868,390
Aboitiz Foundation	-	786,684
Others	<b>60,000</b>	2,453,285
	<b>₱1,018,971</b>	₱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)	<b>₱23,496,309</b>	₱8,754,900
Interest (Notes 6, 7 and 27)	<b>17,787,372</b>	25,494,527
Miscellaneous income	<b>10,950,640</b>	8,432,634
Rent (Notes 14 and 27)	<b>7,365,812</b>	6,658,171
Others	<b>24,989,615</b>	10,406,032
	<b>₱84,589,748</b>	₱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)	<b>₱34,082,206</b>	₱3,565,092
Salaries, wages and employee benefits (Note 21)	<b>30,300,264</b>	10,990,481
Program monitoring and evaluation	<b>4,819,769</b>	1,303,705
Transportation and travel	<b>3,803,708</b>	458,430

(Forward)



	2022	2021
Depreciation and amortization (Notes 13 and 14)	<b>₱3,111,794</b>	₱2,984,413
Taxes and licenses	<b>3,110,514</b>	552,924
Rental expenses	<b>2,619,244</b>	2,557,382
Management and other professional fees	<b>1,528,494</b>	2,153,356
Seminars and meetings	<b>1,729,931</b>	1,381,834
Supplies and materials	<b>1,228,729</b>	1,244,535
Staff training and development	<b>653,860</b>	309,984
Representation	<b>195,741</b>	124,036
	<b>₱87,184,254</b>	₱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	<b>₱72,943,411</b>	₱104,326,453
Interest expense on lease liabilities	<b>2,745,340</b>	3,163,374
Lease payments relating to short-term leases and leases with low value assets	<b>145,875,142</b>	155,590,787
Total amount recognized in statement of income	<b>₱221,563,893</b>	₱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)
	<b>₱71,727,894</b>	<b>₱64,409,346</b>

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
	<b>₱68,425,959</b>	<b>₱48,491,209</b>

*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
	<b>₱122,140,768</b>	<b>₱110,245,289</b>

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
<b>Associates:</b>			
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)		
<b>Other related parties:</b>			
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
<b>Associates:</b>			
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
<b>Statement of Assets, Liabilities and Fund Balance</b>			
<b>Associates:</b>			
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).
<b>Statement of Comprehensive Income</b>			
<b>Associates:</b>			
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
<b>Other related parties:</b>			
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).

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## 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
<b>Beginning balances as at January 1, 2022, as reported</b>	<b>₱922,610,243</b>	<b>₱64,409,348</b>	<b>998,019,591</b>
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
<b>Ending balances as of December 31, 2022</b>	<b>₱935,728,000</b>	<b>₱71,727,894</b>	<b>₱1,007,455,894</b>
	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
	<u>₱ 49,042,342</u>

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
	<u>₱37,213,705</u>	<u>₱6,651,320</u>

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%

