



CARD MBA ANNUAL REPORT 2022

SAMA-SAMANG PAGSULONG
PAGPUPUGAY NG MGA PUSONG NAGDIRIWANG AT NAGPAPASALAMAT



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ABOUT THE COVER

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

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

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

The petals on the cover represent the stories of how we bounced back. The festive colors and lines signify each of our member-institutions, connecting at a certain point, ensuring that we continue to remain as institutions that mutually support and reinforce one another. Moreover, throughout the pages of the report, the products of CARD MRI clients are featured – from food items to souvenir products, to clothing – as we pay homage to their strength and dedication, their artistries, and their stories.

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

VISION

CARD MBA is a global leader in the microinsurance industry, owned and led by members upholding the core values of competence, family spirit, integrity, simplicity, humility, excellence and stewardship.

MISSION

- To promote the welfare of marginalized sectors of the Philippine society and to other sectors as maybe determined by the Board;
- To extend financial assistance to its members in the form of death benefits, medical subsidy, pension and loan redemption assistance;
- To ensure continued access to benefits/resources by actively involving the members in the direct management of the association that will include implementation of policies and procedures geared towards sustainability and improved services;
- To adopt a prudent cash management program to invest all cash in excess of current disbursement through a majority vote of its Board of Trustees.

A TRIBUTE TO OUR TRIUMPHS

Grateful. If there was a single word I can use to summarize what the year 2022 was for CARD MBA, then that would be grateful. Since 2020, CARD MBA has encountered numerous challenges, such as the COVID-19 pandemic, that had the potential to adversely affect and hinder our services to the millions of our members and communities throughout the Philippines. In response to these uncertainties, CARD MBA made great strides to quickly adapt to the new normal so we can continue to provide microinsurance and social development services for the members of the Association and their families. Now, after two years, I am proud to say that we have successfully overcome these challenges and have gained quite substantial accomplishments in turn, thanks in large part to the collective dedication of our staff and members.

I am thankful that CARD MBA's business of poverty eradication through microinsurance continues to prosper. During the span of two years under a pandemic, our microinsurance institutions took the risk



DR. JAIME ARISTOTLE B. ALIP
FOUNDER AND CHAIRMAN EMERITUS

to continue growing and providing their products and services and programs to our existing members as well as to the new communities we expanded in. It is invigorating to know that this risk-taking bore fruit and now more Filipino families

have access to CARD MBA. The Association remained committed to developing and providing accessible insurance products and services fit for times we are currently in. Of course, we also remained consistent with giving importance to capacity-building throughout our institutions and communities and thus, we continued to organize and provide learning opportunities for both our members and staff. Finally, we also strived to establish more digitally-empowered communities so that the delivery of services and access to CARD MRI is more efficient and convenient to our members. Our early investment in digital transformation was a major factor in these successes, and so I am also quite grateful that we made this significant leverage in the past years.

Our accomplishments in the year 2022 are a testament to the strong and collective spirit we have built with our members and communities. Had it not been for the relationship and trust we fostered with our members and staff throughout the years, I believe we would not have been able to achieve as much as we have during this pandemic. Guided by our core values, the

“CARD MBA made great strides to quickly adapt in order for us to continue providing our integrated microinsurance and social development services.”

devotion of our staff and officers to our mission of poverty eradication and nation-building grow stronger than ever. I am also grateful to witness how much of an impact we have made in the lives of our members and their families

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

THE KEY TO SUCCESS

CARD MBA ends the year 2022 with celebration and thanksgiving. After overcoming the challenges we have faced, we have emerged triumphant and jubilant. The duty of CARD MBA to provide integrated microinsurance and social development services to our members and their families was unimpeded, and our goal to widen our reach to more underserved and vulnerable areas in the Philippines vigorously continued.

For this year, CARD MBA was able to provide our microinsurance products to more than 8 million members, and insure more than 23 million individuals throughout the country. Being united by a common goal became the key to the success of our programs and initiatives.

As we strive to provide security to Filipino families, CARD MBA successfully opened provincial offices (PO), as well as transferred



ARISTEO A. DEQUITO
CARD MRI MANAGING DIRECTOR

select POs to more strategic locations to efficiently respond to the needs of their operations.

CARD MBA also owes its successes in significant part to our adoption of digital initiatives. We saw how our services

and operations became more efficient and accessible to our members and communities as we utilize digital technology. CARD MBA also successfully deployed additional features for its Panatag Ka mobile application. Furthermore, CARD MBA also enhanced the CARD Microinsurance System (CMS) integration with CARD Sulit Padala (CSP) and incorporated contact number validation as a security control to fully implement the remit-to-deposit facility in claims settlement. CARD MBA's trek towards our digital transformation continued to show great possibilities and opportunities for us in the future.

The year 2022 was also a time of recognition for CARD MBA and our members and their families. We received accolades for our services this year. First, the Insurance Commission recognized CARD MBA as one of the Top Performing Insurance Companies in terms of Governance in the Philippines. We also received two Golden Arrow awards from

the Asean Corporate Governance Scorecard (ACGS) for the year 2021, and was ranked Top 1 in the Mutual Benefit Association Industry in SEGURO performance indicators for microinsurers.

Braving another Tomorrow

As CARD MBA prepares to face another year this 2023, we are once again thankful for how far we have come after more than 23 years of our work in microinsurance and development. Throughout all those years, we have gained many valuable lessons, most recently from the pandemic, and we shall strive to continue to learn from all our experiences in the many years to come. One constant insight though seems to still ring true for us; the importance of our connection with our members and communities. Listening with an open mind to the people we serve contributed to our success since the beginning. As we journey towards recovery, the voice of the families we serve will continue to be our top priority.

COMMITMENT TO SERVICE AMID UNCERTAINTIES

The previous years were a period of challenges and uncertainties. Perhaps, there were times when we asked ourselves if recovery was possible. We wondered how we would begin again. As for me, it was a challenge to lead the Board, most especially my fellow members in the middle of a crisis.

Yet, in the face of uncertainties, we never felt alone. CARD MBA never left its members and

clients behind. The Association made us feel how committed it is to providing its services to help the community get back on its feet. Most importantly, it allowed its members to be actively involved in its undertaking.

The restrictions brought by the global crisis did not paralyze CARD MBA's operations. Working hand-in-hand with its staff and coordinators, the Association made ways to respond to its members' needs promptly and effectively. CARD MBA employed both digital and physical means to deliver its services.

The Panatag Ka mobile application has been vital for us coordinators, especially our fellow members. Although we could not visit



MYLIN M. CHOZAS
PRESIDENT



our members due to travel restrictions, the release of claims was continuous. The app enabled faster transactions and processing of insurance claims. This has been crucial, especially in the earlier years, when the threat of the health crisis was at its peak. Our members afflicted by the pandemic were given immediate financial assistance. Staying committed to its 8-24 strategy, the Association paid out claims without delays. The amount received has helped our fellow members and their families with their medical needs.

Aside from the digital initiatives that CARD MBA has implemented, going back to the field drove our Association toward recovery. The physical interaction reignited and strengthened our connection as a community. Seeing the Account Officers back in the field, assisting with concerns, brought assurance to our members. We felt the generous support of the Association in the face of the challenges we met. Because of this, our fellow members felt more empowered to regain their strength and

persevere. I, on the other hand, felt more inspired to live up to the responsibilities granted to me.

Leading a community amid a crisis was not an easy task. But with the support of the Association and our entire community, we were able to persist. We were able to provide our members with continuous financial assistance in the form of death benefits, medical subsidies, and loan redemption assistance. Most especially, we were able to deliver CARD MBA's mission: to improve the lives of the communities, especially the marginalized.

Two years have passed since the crisis, which we once thought of as insurmountable, we are here back on our feet. Our fears have been displaced by hope. With our newfound hope, we took actions – actions beneficial not only to our own families but to the whole community as well.

I am grateful to have been a part of an association whose passion and commitment to service did not falter, no matter the crises we had. It was an honor to be able to contribute to our collective goal of recovering from the crisis. It was an honor to be of service to the Association and to our members.

Maraming salamat po, at pagpupugay sa lahat ng ating mga tagumpay!



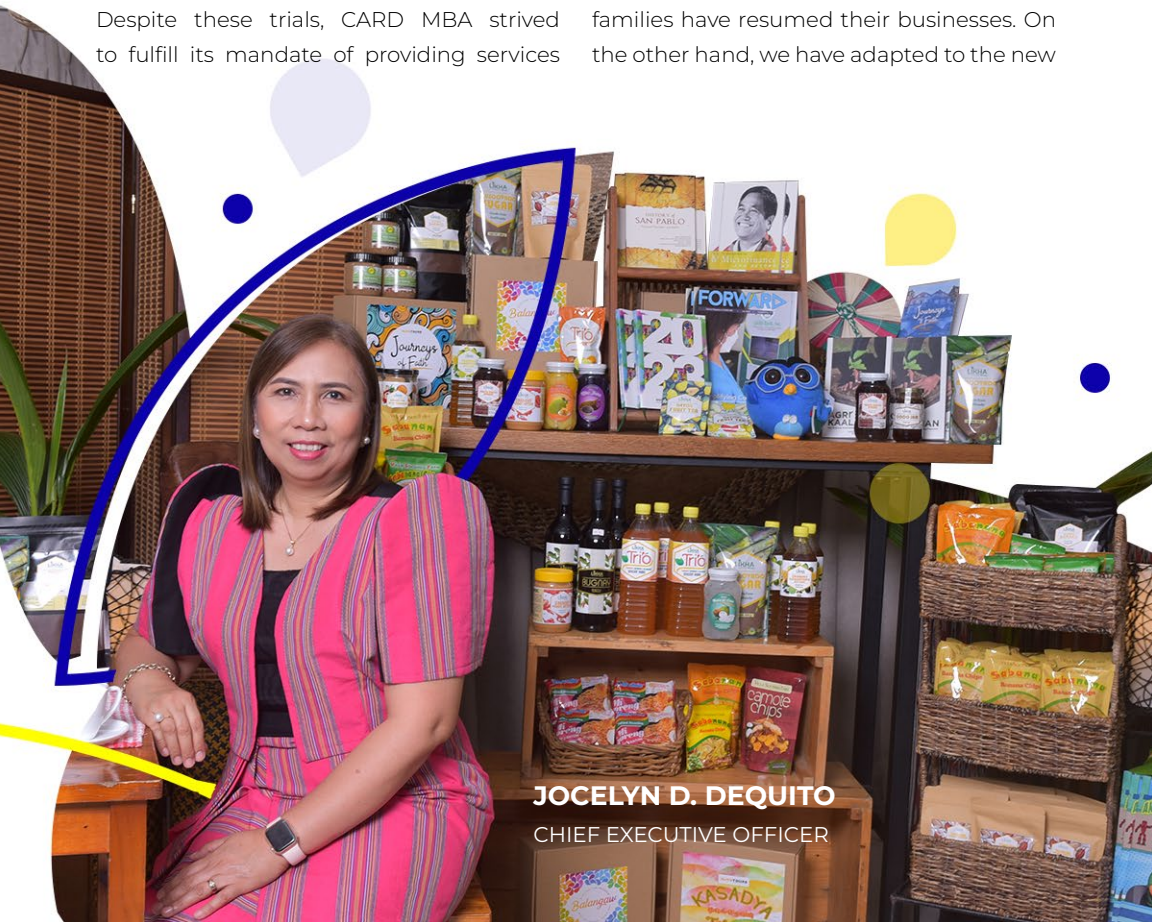
PERSISTING WITH OUR MISSION

The past two years have been fraught with challenges. The threat of the global health pandemic continues to loom over the country, and inevitable natural calamities have struck several communities. These unforeseen circumstances have affected not only our operations but also, the lives of our members. In these trying times, our presence was needed more than ever.

Despite these trials, CARD MBA strived to fulfill its mandate of providing services

in times of uncertainty. It continuously provided financial assistance, through its microinsurance products and services, to socioeconomically challenged families. It persisted with its community development programs, in collaboration with CARD MRI's microfinance institutions.

Now, two years later, we saw a recovery in our communities. Our members and their families have resumed their businesses. On the other hand, we have adapted to the new



JOCELYN D. DEQUITO
CHIEF EXECUTIVE OFFICER

normal. Our operations have fully recovered. Through our digital initiatives, paired with our physical presence in our communities, we are able to reach milestones amid challenges.

Addressing the needs

When Super Typhoon Odette hit Southern Visayas and Northern Mindanao, CARD MBA quickly responded to affected communities. We provided cash relief assistance to our members and their families. Together with our staff on the ground level, we delivered in-kind donations to typhoon-stricken communities in Cebu. In the course of our action, CARD MBA has provided PhP 25,799,608 cash assistance to our 215,032 affected members.

We have also disbursed a total of PhP 54.9 million to support 456,743 families affected by natural calamities, through our CARD Disaster Relief Assistance Program (CDRAP). In addition to our disaster relief efforts, CARD MBA has been closely monitoring COVID-19-related death claims. From January to

December 2022, we released PhP 62,700,514 million in benefits to support 2,458 confirmed and suspected COVID-19 cases. Since the pandemic began on March 17, 2020, we have disbursed PhP 352.85 million in claims benefits to aid 11,656 COVID-19-related deaths.

As for our existing microinsurance products, CARD MBA has continuously processed claim releases, adhering to its 8-24 strategy. To go into particulars, we have disbursed PhP 2,930,691,550 of life insurance with 636,923 claims settled. We are proud to have served 6,946,557 members with microfinance products and other services and insured the lives of 22,564,395 individuals across seven regions, 20 clusters, and 83 provincial offices of CARD MBA in the Philippines. We owe our success to the dedicated efforts of our 544 staff and 1,938 MBA coordinators, who worked collaboratively to achieve our goals.

We also saw the significance of opening new provincial offices. It allowed us to provide inclusive microinsurance products to CARD MFI's members. For instance, our 79th branch located in Cotabato City will serve as CARD MFIs' partner in bringing the Shari'ah-inspired Paglambo Program closer to our Muslim members.

Aside from setting up new offices, we also



transferred selected provincial offices to more strategic locations. Not only will they make our services more accessible to our members, but they will also respond to the needs of our operations.

As for our digital initiatives, we have implemented additional features for our Panatag Ka mobile application. Members can now purchase CARD MBA's optional products, such as the Family Security Plan and Remitter Protek Plan. Additionally, members can view their transaction history and enroll online through the app. Also, with the added notification message, our members will be reminded should their Family Security Plan coverage nears expiration.

Furthermore, we made enhancements to our CARD Microinsurance System (CMS) integration with CARD Sulit Padala. As an added security measure, we incorporated the contact number validation to implement the Remit-to-Deposit feature fully. This feature allows our members to receive claims payment directly to their accounts

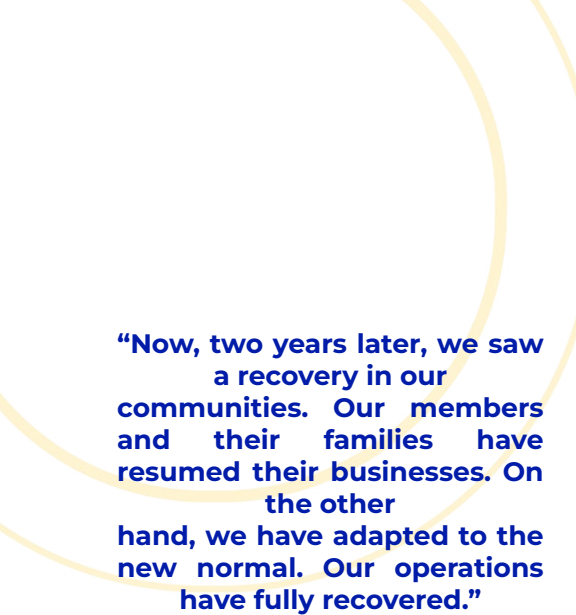
without leaving the comforts of their homes.

By implementing these enhancements, we are able to provide our members with improved access to our services and resources. Most importantly, our upgraded app allows us to work more efficiently, which is of utmost importance to our institution.

Celebrating our successes

Our efforts for the past two years have come to fruition. Despite the challenges we faced, we were able to deliver our mission as a development-oriented microinsurance association. Moreover, CARD MBA was acknowledged as among the leading institutions in the microinsurance industry.

In the first quarter of 2022, CARD MBA was registered as the top microinsurance institution with the most insured lives. This means our goal of reaching out to communities has not been in vain. With our microinsurance products, more families are protected in times of uncertainties, calamities, and disasters.



“Now, two years later, we saw a recovery in our communities. Our members and their families have resumed their businesses. On the other hand, we have adapted to the new normal. Our operations have fully recovered.”

Aside from the acknowledgment mentioned, the Insurance Commission has granted us the highest accolade. CARD MBA was hailed as the Top Performing Insurance Company in terms of Governance. The Association was also recognized as the Top 1 in the Mutual Benefit Association industry according to the SEGURO performance indicators for microinsurers.

Last but not least, we received two Golden Arrow Awards for Good Corporate Governance from the ASEAN Corporate Governance Scorecard (ACGS). This acknowledges our practices of directing and managing the Association as among the


best in the microinsurance industry. Most significantly, it serves as a reminder and a challenge for us to stay committed to the principles of good corporate governance.

The recognitions we have received would not have been possible without the support of the CARD MRI management and the dedication of our staff. Above all, we would not be able to insure the lives of millions of people without the trust and confidence of our members.

Securing the future

As we head to another year, we take up the challenge to surpass the accomplishments and achievements we had. We will use both physical means and digital processes to have more families insured. We will ensure that our members are involved in creating and implementing our policies.

To start, we will extend the reach of our communities. We are targeting to insure more than 24 million individuals. This is aligned with our commitment to CARD MRI's 10-20-80 strategic direction, where



in 10 years, the institution has provided financial services to 20 million individuals and has insured 80 million lives. With the Association's continuous growth in membership, we are confident that we will achieve this number.

Further, we will establish five more Provincial Offices in different regions nationwide. We also look forward to having 20 BOAT partners and 2,909 MBA coordinators. Through these, we can bring our microinsurance products and development programs closer to socioeconomically challenged families. Among the Association's community development programs are mass weddings, disaster relief assistance, health services, livelihood programs, and scholarship grants. Aside from the back-to-basic strategy we have employed to recover from the pandemic, we will continue streamlining our processes through the IT initiatives we started in 2020.

We will explore the possibility of having an

“Our goal of reaching out to communities has not been in vain. With our microinsurance products, more families are protected in times of uncertainties, calamities, and disasters.”

e-commerce application for our optional insurance products, such as the Family Security Plan and the Remitter Protek Plan. This will hasten the application process, making it more convenient for our members. Also, we will further enhance the Panatag Ka app. We will add features that allow members' onboarding for optional products. Moreover, the sending and uploading of the Aplikasyon ng Pagiging Kasapi (APKs) and claims documents will be done through the app. Not only will this organize our filing system, but it will also allow our members to have a paperless transaction.

We also aim to maximize konek2CARD

mobile app for payment of premium and claims settlements, all will be made through konek2CARD app.

Lastly, we will enhance our CARD Microinsurance System (CMS) to make our operations more effective and efficient. We will integrate the CMS with CARMINA, our former e-Tanong Mo chatbot. Through the chatbot, our members can raise their concerns. Such is essential to determine the products and services that our members need.

Upholding our commitment to serve

The past years, indeed, have been filled with challenges – yet we prevailed. The successes we had would not have been possible without the concerted efforts of our staff and MBA coordinators, especially the unwavering support of our members. We are grateful for the hard work of our staff on the ground level, who did not hesitate to visit our communities despite the risks posed by the pandemic. In those trying times, we felt their

passion to serve more than ever.

We also appreciate our members' support of CARD's institutions over the past years. Despite their personal trials, they chose to stay with us. Their faith in the Association has inspired us to work harder and improve our services.

Moving forward, CARD MBA vows to uphold its commitment to serving the communities. We will bring our affordable microinsurance products and community development programs to the unserved and the underserved. We will ensure our members' active involvement in all our endeavors.

The health crisis may be far from being over; the calamities and natural disasters are inescapable. In the face of these trials, CARD MBA will persist with its mission. With our staff, our MBA coordinators, and the entire CARD MRI, we at CARD MBA are confident that we will succeed.

2022 YEAR-END REVIEW

Total Active Members

6,804,032

Total Insured Individual

22,564,395

COMMUNITY DEVELOPMENT PROGRAMS

PSA Project

1,788

Scholarship

43

CDRAP

456,743

CDRAP AMOUNT

PHP 54,906,537.50

Provincial Office

83

Number of Cluster

20

MBA Coordinator

1938

Number of
Region

7

MBA Staff

544

Katuparan Members

57



**BASIC LIFE INSURANCE**

Number of claims

84,695

Amount

PHP 1,690,019,249.30**GOLDEN LIFE INSURANCE (GLIP)**

Number of claims

1,593

Amount

PHP 72,318,564.35**LRF-PLUS**

Number of claims

20,846

Amount

PHP 240,906,064.38**REMITTER PROTEK PLAN (RPP)**

Number of claims

1

Amount

PHP 935.00**FAMILY SECURITY PLAN (FSP)**

Number of claims

3,826

Amount

PHP 176,956,082.59**TOTAL DONATED BENEFITS**

Number of claims

5,353

Amount

PHP 35,522,000.00**LIFE REFUND**

Number of claims

258,948

Amount

PHP 488,228,078.32**RETIREMENT FUND (RF)**

Number of claims

261,777

Amount

PHP 253,240,010.57

PAGPUPUGAY, PAGDIRIV



THIS IS
OUR 2022

NANG, at PASASALAMAT

Ynel Saber

yung panatag ang loob mo dahil alam mo na andyan si CARD na handang umagapay sayo .
malaking tulong na ito sa pamilya mo ..maraming salamat at nandiyan ka CARD MBA

Judith Martinez Francia

Iba talaga ang Naka sigurado sa CARD MBA nawalan man sila sa ating piling may
maaasahan tayong tulong Para makapag umpisa muli Lalo na Kung gagamitin ito sa
tamang paraan hindi mo maliimutan ang mahal mo sa buhay

Top fan

Rowena Sulinan

Salamat CARD MBA ,tunay na napakagaling mo isa ako sa saksi sa sa mga nabigyan
nang benipisyo sa halagang 15,pesos na nagiging contribution naming mga
members,god bless po.

Top fan

Mary Ann Alba

Proven and tested card MBA,kaya madame na members,salamat sa patuloy na
pagserbisyo nyo Ng maaayos sa mga members,d pa mahirap magclaim

Eilerol Angil Nagndapac

Thank you CArD Mba...lahat ay gagawin pra maging protektado ang members..da best
po kayo..proud 16years member here

REAZHYLE A. FRANCISCO
Trustee

FILDA R. TOLEN
Trustee

BEVERLY A. SINADJAN
Trustee

MYLIN M. CHOZAS
President



MARIBETH C. MAGDOTA
Trustee

JENELYN A. SANCHEZ
Trustee

MARJORIE I. QUISOY
Trustee

BOARD OF TRUSTEES

CRISTY C. SONTOSIDAD
Trustee

ROLANDO A. ROBLES
Independent Trustee

JENNY R. AQUINO
Treasurer

VIDA T. CHIONG
Independent Trustee



ROWENA R. BAYUGA
Vice President

LENY E. SABER
Trustee

FRANCIS M. PUZON
Independent Trustee

MARIA DOLORES P. TATEL
Trustee

MANAGEMENT COMMITTEE



Ms. Jocelyn D. Dequito
Chief Executive Officer

Ms. Janet D. Caneo
Director for Admin and Finance

Ms. Arlene R. Umandap
Director for Claims and Technical Support

Ms. Jennifer O. Redublo
Director for Compliance

Ms. Joyce M. Alimagno
Deputy Director for Operations

Mr. Francis R. Montilla
Deputy Director for Operations

Mr. Oliver M. Reyes
Senior Operations Director

Mr. Michael Kelvin N. Junos
Director for Actuarial Services

Mr. Mauricio B. Maur
Deputy Director for Operations

Ms. Gina A. Nevado
Deputy Director for Operations


Ms. Janicekith N. Navera
Deputy Director for Operations

Ms. Rosalie B. Martecion
Deputy Director for Operations



OUR PARTNERS

- Bagnos Multipurpose Cooperative
- Bukidnon Integrated Network of Home Industries (BINHI), Inc.
- Caunayan Multipurpose Cooperative
- Grains Multipurpose Cooperative
- Libercon Multipurpose Cooperative
- Nangalisan Multipurpose Cooperative
- Padre Burgos Multipurpose Cooperative
- Progressive Women Agrarian Reform Cooperative
- San Julian Multipurpose Cooperative
- Sipsipin Multipurpose Cooperative
- Tinabangay sa Igsoong Mag-uuma Gasa ni San Isidro (TIMGAS) Multipurpose Cooperative
- Tinagacan Agrarian Reform Beneficiaries Cooperative (TARBC)
- Umiray Agrarian Reform Beneficiaries Multipurpose Cooperative (UMARBEMPCO)
- USWAG Development Foundation



OUR PHYSICAL PRESENCE

SAN PABLO CITY, LAGUNA
Head Office

- Agusan Del Norte
- Agusan Del Sur
- Albay
- Antique

- B**
 - Bataan
 - Batangas
 - Benguet
 - Bohol
 - Bukidnon
 - Bulacan

- C**
 - Cagayan
 - Camarines Norte
 - Camarines Sur
 - Capiz
 - Cavite
 - Cebu
 - Cotabato City

- D**
 - Davao
 - Davao De Oro

- E**
 - Eastern Samar

- I**
 - Ilocos Norte
 - Ilocos Sur
 - Iloilo
 - Isabela

- L**
 - La Union
 - Laguna
 - Lanao Del Norte
 - Leyte

- M**
 - Marinduque
 - Masbate
 - Metro Manila
 - Misamis Oriental

- N**
 - Negros Occidental
 - Negros Oriental
 - North Cotabato
 - Nueva Ecija
 - Nueva Vizcaya

- O**
 - Occidental Mindoro
 - Oriental Mindoro

- P**
 - Palawan
 - Pampanga
 - Pangasinan

- Q**
 - Quezon

- R**
 - Rizal

- S**
 - Samar

- South Cotabato
- Southern Leyte
- Sultan Kudarat
- Surigao Del Norte

- T**
 - Tarlac

- Z**
 - Zamboanga Del Norte
 - Zamboanga Del Sur
 - Zamboanga Sibugay



CORPORATE GOVERNANCE

On September 23 2022, CARD MBA, Inc. was once again received a Two Golden Arrow Award from the Institute of Corporate Directors and recognized as one of the Top Performing Insurance Companies in the Philippines, in terms of practicing a good corporate governance.

The board of trustees together with the whole management of the Association is always and will always be committed to observe the highest corporate governance standard for its members, employees, community, and all other stakeholders.

CORPORATE GOVERNANCE CONFIRMATION STATEMENT

The Board of Trustees (BOT) and the Management of CARD Mutual Benefit Association, Inc. confirm its full compliance with the Code of Corporate Governance. This commitment is driven by its core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship. Moreover, the Association remains deeply rooted in its responsibility to the members, their families and to the stakeholders. Ergo, the practice of transparency and full disclosure give CARD MBA the opportunity to further gain the trust and confidence of its members and stakeholders.

BOARD OF TRUSTEES

As the highest governing body of the association, the Board of Trustees is a position of trust and confidence. All of them holds no executive position to the association. They act in a manner characterized by transparency, accountability, fairness and for the best interest of the members and stakeholders. Trustees are primarily responsible for approving and overseeing the implementation of the Associations' policies and procedures, action plans corporate governance and values towards attainment of the short and long-term strategic objectives.

The Board of Trustees are selected among the members of the Association and nominated by any of the co-members as well, in accordance with the selection and nomination process of the Association. They came from different regions of the country for a diversified representation of the members for a broad range of perspective on the operation of the association based on their race, age, expertise, experience and knowledge. From being a simple 'Nanay' to becoming an empowered woman that lead and serve the others, the Board of Trustees are trained and exposed to different training and practices.

As part of their responsibility, the Board of Trustees had to visit five members and three centers every month so they could personally hear and learn from the members themselves their feedback. This helps the association in developing and improving its microinsurance products and services by to the voices of the members from different regions.

Calendar of meetings for the year for the year 2022 was released on December 23, 2021, for the advance information of the board and other attendee to ensure that they can already the dates and ensure attendance in the meeting.

Name of Trustee	Position	Term	Total No. Of Meetings	No. Of Meetings Attended	Percentage Rating
Ms. Olivia C. Ornales*	Chairman and President of the Board	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Marlie Jean S. Gimeno	Vice President	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Mylin M. Chozas	Treasurer	Nov. 4, 2021 – Sept. 7, 2022	8	8	100.00%
	Chairman and President of the Board	Sept. 7, 2022 - Present			
Ms. Marilyn F. Maravilla	Board Member	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Gina M. Cabiles	Board Member	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Jovelyn M. Capuyan	Board Member	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Alice Y. Gregory	Board Member	Nov. 2020 – Sept. 7, 2022	7	7	100.00%
Ms. Rowena R. Bayuga	Board Member	Nov. 4, 2021 – Sept. 7, 2022	8	8	100.00%
	Vice President	Sept. 7, 2022 - Present			
Ms. Filda R. Tolen	Board Member	Nov. 4, 2021 – Present	8	8	100.00%
Ms. Marjorie I. Quisoy	Board Member	Nov. 4, 2021 – Present	8	8	100.00%
Ms. Beverly A. Sinadjan	Board Member	Nov. 4, 2021 – Present	8	7	88.00%
Ms. Jenelyn A. Sanchez	Board Member	Nov. 4, 2021 – Present	8	8	100.00%
Ms. Vida T. Chiong	Independent Trustee/ Chairman of Risk Oversight Committee	Sept. 2019 – Present	8	8	100.00%

Name of Trustee	Position	Term	Total No. Of Meetings	No. Of Meetings Attended	Percentage Rating
Ms. Francis M. Puzon	Independent Trustee/ Chairman of Audit Committee	Nov. 4, 2021 – Present	8	8	100.00%
Ms. Rolando A. Robles	Independent Trustee/ Chairman of Risk Oversight Committee	Nov. 4, 2021 – Present	8	8	100.00%

*Ms. Chozas was elected as President and Chairman of the Board starting September 7, 2022.

Newly elected board of trustees September 7, 2022				
Ms. Reazhyle A. Francisco	Board Member	1	1	100.00%
Ms. Maribeth C. Magdato	Board Member	1	1	100.00%
Ms. Leny E. Saber	Board Member	1	1	100.00%
Ms. Cristy C. Sontosidad	Board Member	1	1	100.00%
Ms. Maria Dolores P. Tatel	Board Member	1	1	100.00%
Ms. Jenny R. Aquino	Treasurer	1	1	100.00%

BOARD COMMITTEES

Audit Committee

The Audit Committee assist the Board of Trustees in the oversight of internal and external audit functions, including their appointment and dismissal. It is composed of four (4) appropriately qualified non-executive directors, the majority of whom, including the Chairman, are independent. Members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance. During the regular meeting, the committee ensures that the management takes necessary corrective actions in a timely manner to address weaknesses noted in the internal control and other non-compliance issues with internal policies and procedures identified by auditors. All significant issues noted are reported during the BOT meeting.

For the year 2022, CARD MBA Audit Committee certifies that CARD MBA Inc., has sufficient internal control systems in place and is aware that constant review of the said systems and procedures is a must to keep abreast with the changing times.

The Audit Committee is conducted on a monthly basis, particularly every first Friday of the month, if there is no scheduled Board meeting, otherwise, is held a day before the board meeting. Table below shows the 2022 attendance of each member in the meeting.

Name	Term	No. Audit Committee Meetings	No. of Meetings Attended	Percentage
Mr. Francis M. Puzon (Committee Chairperson)	Dec. 2021 -Present	12	12	100.00%
Ms. Vida T. Chiong	Sept. 2019 -Present	12	12	100.00%
Mr. Rolando A. Robles	March 2022 -Present	10	9	90.00%
Ms. Olivia C. Ornales	Nov. 2020 -Sept. 2022	9	9	100.00%
Ms. Mylin M. Chozas	Oct. 2022 – Present	3	3	100.00%

Risk Oversight Committee

Risk Oversight Committee is responsible for the identification and evaluation of risk exposure of CARD MBA and development of risk management strategies and plan and oversees its implementation. Different risk identified by the committee that is regularly monitored includes but not limited to reputational risks, underwriting risks, product risks, compliance risks, IT risks, investment/financial risks and operation risks. The committee also ensure that the management was able to implement effectively the mitigating factors recommended by the committee. The committee is composed of four (4) appropriately qualified members, the majority of whom, including the Chairman, are independent or holds no executive function in the Association. The Chairman is not the Chairman of the Board or of any other committee.

The committee meets a day before the scheduled Board meeting every two months. Table below shows the 2022 attendance of each member in the meeting.

Name	Term	No. Risk Committee Meetings	No. of Meetings Attended	Percentage
Ms. Vida T. Chiong (Committee Chairperson)	Dec. 2019 – Present	6	6	100.00%
Mr. Francis M. Puzon	Nov. 2021 – Present	6	6	100.00%
Mr. Rolando A. Robles	January 2022 – Present	5	5	100.00%
Ms. Marlie S. Jean Gimeno	Nov. 2021 – Sept. 2022	5	5	100.00%
Ms. Rowena R. Bayuga	Oct. 2022 – Present	1	1	100.00%

Related Party Transaction Committee

The RPT committee assist the Board of Trustees in evaluating transactions with related parties to ensure that related party transactions are undertaken in a fair and arm's length basis for the financial, commercial and economic benefit of both CARD MBA and of CARD MRI's institutions. The committee set a materiality threshold and authorization level for each type of transactions dealt with the related parties. The committee is composed of three (3) appropriately qualified members, the majority of whom, including the Chairman, are independent or holds no executive function in the Association.

Further pursuant to IC Circular 2017-29, the Association complies with the quarterly submission of list of RPT Transactions to the Insurance Commission along with the Organizational Structure which is submitted annually.

The committee have a regular meeting every 4th Friday of every quarter or as the need arises. Table below shows the 2022 attendance of each member in the meeting.

Name	Term	No. RPT Committee Meetings	No. of Meetings Attended	Percentage
Mr. Rolando A. Robles (Committee Chairperson)	Dec. 2019 – Present	5	5	100.00%
Ms. Vida T. Chiong	Nov. 2021 – Present	5	5	100.00%
Ms. Mylin M. Chozas	January 2022 – Present	4	4	100.00%
Ms. Jenny R. Aquino	Nov. 2021 – Sept. 2022	1	1	100.00%

Corporate Governance Committee

Pursuant with the Revised Code of Corporate Governance, the Association established a Governance Committee last December 15, 2020. Corporate Governance Committee is tasked to assist the board of trustees in fulfilling its corporate governance responsibilities including the evaluation of the board, overseeing the nomination process for the members of the board, continuing education program for the board and others.

As recommended in the Revised Code of Corporate Governance per IC Circular 2020-71 Remuneration and Nomination Committee are subcommittees of the Corporate Governance Committee. Discussions related to employee salaries and other benefits and nomination of the Board of Trustees are discussed during in the Corporate Governance Committee.

The Governance Committee meets every 4th Friday of every quarter or as the need arises. The committee is composed of four (4) appropriately qualified members, majority of whom independent trustees including the Chairman. Table below shows the attendance of each member in the meeting.

Name	Term	No. Governance Committee Meetings	No. of Meetings Attended	Percentage
Mr. Rolando A. Robles (Committee Chairperson)	Nov. 4, 2021 – Present	4	4	100.00%
Ms. Vida T. Chiong	Dec. 2020 – Present	4	4	100.00%
Mr. Francis M. Puzon	Dec. 2020 – Nov. 2021	4	4	100.00%
Ms. Olivia C. Ornales	Nov. 2020 – Sept. 2022	3	3	100.00%
Ms. Mylin M. Chozas	Oct. 2022 – Present	1	1	100.00%

Central Nomination Committee		Election Committee
Mr. Rolando A. Robles - Committee Chairperson	Ms. Marie Sharon Roxas	Atty. Virlyn Rose R. Ramirez - Chairperson
Ms. Vida T. Chiong	Atty. Anatalia F. Buenaventura	Atty. Adonis C. Orilla
Mr. Francis M. Puzon	Ms. Doris Peralta	Ms. Rhea Race
Ms. Olivia C. Ornales		

Selection of nominees for the Board of Trustees adheres to the Governance Manual adopted by the Association. Nominees underwent two level of screening: first is on a regional selection level and finally to the Central Nomination Committee in the Main Office. Regional level selection meeting done by Regional Selection Committee (RSC) on May 5, 2022 includes validation and background checking of eligibility and qualifications of the nominees in accordance with the Association's By-Laws. Selected nominees are endorsed to the Central Nomination Committee (CNC) in the Main Office, which is composed of the Corporate Governance members who are Independent Trustees and three (3) other officers without executive functions to the Association. The CNC met on May 16, 2022 and another meeting on May 22, 2022 via zoom for the final scrutinization of the nominees. Ensuring that the nominee possesses and upholds the values aligned with the principles the Association believes in achieving its purpose and mission is one of the tasks of the CNC.

During the Annual General Membership Meeting (AGMM), nominees are then elected with the supervision of an independent Election Committee. They supervise the voting ceremony during the AGMM up to the counting of votes, tabulation and announcement the results thereof.

Product Development and Innovation Committee (PDIC)

With the combined efforts of the operations staff and MBA Coordinators, the association through the Product Development and Innovation Committee was able to offer a new and very competitive product to its members and his/her family. PDIC is a body whose primary responsibility is to review, develop products and enhance benefit packages and services that meet the emerging needs of members.

PDIC meets every 4th Friday of every quarter or as the need arises. The committee is composed of seven (7) appropriately qualified members. The chairperson is an independent board adviser who has deep knowledge and expertise in the field of microinsurance and product development. He is also a Certified Public Accountant.

Table below shows the 2022 attendance of each member in the meeting.

Name	No. PDIC Committee Meetings	No. of Meetings Attended	Percentage
Mr. Wilfredo M. Llanto (Committee Chairperson)	6	6	100%
Ms. Jocelyn D. Dequito	6	6	100%
Ms. Olivia C. Ornales	5	5	100%
Ms. Marlie Jean S. Gimeno	5	5	100%
Ms. Mylin M. Chozas	1	1	100%
Ms. Rowena R. Bayuga	1	1	100%
Mr. Oliver M. Reyes	6	6	100%
Mr. Michael Kelvin N. Junos	6	6	100%
Ms. Abigail S. Bonifacio	6	6	100%

ALCO and Treasury Committee

As a manifestation of good stewardship of the members' fund, Board of Trustees are assisted by a body called ALCO and Treasury Committee whose responsibility is to review and give advice and recommendations for actions on financial matters, particularly on investment. Every investment offering received by the Association is scrutinized by the ALCO and Treasury Committee to ensure that a good investment house is selected for the funds of the association to be on good hands.

The Treasury Committee meets every third Monday of every two months. The committee is composed of eight (8) appropriately qualified members. The chairperson is an independent board adviser who has deep knowledge and expertise in the field of microinsurance and product development. Table below shows the 2022 attendance of each member in the meeting.

Name	No. Treasury Committee Meetings	No. of Meetings Attended	Percentage
Ms. Mary Jane Perreras (Committee Chairperson)	6	6	100%
Ms. Lorenza Dt. Bañez	6	6	100%
Ms. May S. Dawat	5	5	100%
Ms. Jocelyn D. Dequito	5	5	100%
Ms. Janet D. Caneo	1	1	100%
Ms. Arpheejane A. Bahia	1	1	100%
Ms. Kathryn Joyce B. Manimtim	6	6	100%
Ms. Mico M. Cabance	6	6	100%

INDEPENDENT CHECKS AND BALANCES

As integrity and stewardship is among the core values adopted by CARD MBA, independent checks and balances through the help of the following functions are continuously carried out throughout the year.

External Auditor

Appointed by the Audit Committee, Sycip, Gorres, Velayo & Co. conducts the external audit of the Association. The engagement team was headed by Mr. Miguel U. Ballelos and was paid Php 1,767,181 to audit the 2021 Financial Statements. The result of audit was presented and affirmed by the Board of Trustees during its meeting on April 9, 2022.

In 2022, no non-audit fees were paid to external auditor.

Internal Audit

Internal Audit helps the Board of Trustees ensuring that an effective internal control system in place is working. It adds value on achieving the goals of the Association by independent evaluation and testing of the operation, compliance and risk management practices. The Unit is headed by the Deputy Director for Audit – Ms. Rhea Race who is directly supervised by the Audit Committee.

Compliance

To ensure adherence of the Associations to the required laws and regulations, more particularly of the Insurance Commission, a Compliance Officer was appointed by the Board. Aside from external regulatory requirements, Compliance Unit also aid to see to it that the management apply the corrective actions recommended by the internal and external audit and of the Risk Oversight committee for continuous improvement of the operation. The Unit is headed by the Director for Compliance – Ms. Jennifer O. Redublo. Likewise, Ms. Redublo helps the board in ensuring that the best and highest standard of good governance is practiced and observed at all times.

Risk Management

Risk Management is one of the integral parts of the Association as it helps sustain a safe and sound operations to ensure that the Association's goals and objective will be attained by mitigating the risk that it may encounter. Ergo, Risk Officer, Mr. Anthony Yacap, was designated by the Board of Trustees to be the person in charged in identifying, assessing and analyzing the possible risks in the operations as a whole. With the help of the Risk Oversight Committee those risk identified were mitigated. He is the ultimate champion of Enterprise Risk Management (ERM) and has adequate authority, stature, resources and support to fulfil his/her responsibilities, subject to a company's size, risk profile and complexity of operations.

CODE OF CONDUCT AND BUSINESS ETHICS

The Association institutionalizes the highest ethical standards through the strict implementation of the CARD MRI Code of Discipline that outlines the policies governing the activities of the institutions, its trustees, officers and employees. The Code specifies the fair treatment of employees and business partners.

Related Party Transactions

Created last August 23, 2018, the Related Party Transaction Committee warrants those transactions made by the Association follow the best interest of its members and stakeholders. There is an authorization level set for the proper approval, but nevertheless all are presented and approved to the Board of Trustees and eventually ratified by the members during the Annual General Membership Meeting. Details of Related Party Transactions (RPTs) as provided in Note 22 of the Audited Financial Statement.

Transparency and Disclosures

Keeping the members and other stakeholders updated on the whereabouts and status of the Association is carried out by means of open communication through different channels such as:

Website (www.cardmba.com). The website contains monthly financial and non-financial updates such as Audited FS, Annual Reports and other advisories for easy access and immediate availability.

Media. The Association launched its Facebook account (www.facebook.com/cardmbaofficial) last 2018 for everyday interaction with the members and other stakeholders. CARD MBA also tapped the traditional media to spread its advocacy through radio guesting and media conferences. There are media briefings conducted in the year.

Members' Hotline. CARD MBA released the member's hotline at the center level to ensure immediate response to queries and concerns. The Association also placed suggestion boxes in all CARD MRI offices to encourage members' feedback.

Chatbot. CARD MBA Information and Assistance (CARMINA) is chatbot thru a Facebook messenger where anyone can throw questions and concerns related to CARD MBA

products and services, membership and claims procedures and other policies on their insurance coverage.

Board Performance Evaluation

The performance assessment was conducted to further distinguish well and improve the Performance appraisal is an indispensable tool that helps the Association maintain its highest quality of work. the Board of Trustees conducts annual self-performance, peer performance, and committee performance assessments. Using a rating scale questionnaire, the Trustees assessed themselves, their peers, and their respective committees. The assessment, conducted on July 18, 2022, included among others their (1) understanding of the Association's mission and vision and their (2) commitment in achieving the best interest of the stakeholders. The Compliance Unit received the completed questionnaire to ensure confidentiality of the assessments.

Aside from the self and peer assessment conducted by the board , an independent third party evaluation was conducted from March – May 2022 and result of the board evaluation was presented to the Corporate Governance Committee during the September 29, 2022 committee meeting.

The evaluation adapted Organization for Economic Co-operation and Development (OECD) evaluation criteria to the institutional context of CARD MBA including its business needs, performance requirements, value proposition to members, agreements with stakeholders, identity (i.e., vision, mission, goals, and values) and strategy. These evaluation criteria included:

1.1 Relevance – the extent to which the CARD MBA Board is following policies, processes and practices that support the value proposition to members, promote collaboration with stakeholders and contribute to the MBA's over-all performance objectives.

1.2 Coherence – the extent to which the BOT's governance policies, processes and practices are aligned and supportive of the management policies, processes and practices of the CEO and senior management.

1.3 Effectiveness – the extent to which the BOT's has contributed to the MBA's over-all performance through its policies, processes and practices the following areas:

- Strategic guidance
- Performance oversight
- Compliance and accountability for member and stakeholder agreements

- Internal controls
- Risk management
- Organization and management of the governance process

1.4 Efficiency – the extent to which the BOT is able to allocate and use the time, capabilities, budgets and other resources that are available to members in order to be effective.

1.5 Impact – the extent to which the policies, processes and practices of the BOT will likely contribute to the MBA's long-term objectives and expected impact of the MBA on society, insurance industry and the communities in its areas of operation.

1.6 Sustainability – the extent to which the contributions of the BOT to the MBA's performance and the effects of its contribution especially with respect to benefits to members and productive collaboration with stakeholders will be felt through the medium and long-term.

STAKEHOLDER INTEREST

The Association is committed to protect the welfare and rights of its stakeholders by ensuring that quality service and programs are given to them and that every transaction with them are conducted in a transparent and fair manner.

Members' Satisfaction

One of the ways for CARD MBA to improve its products and services is through its members' feedback. Based on the result of the survey conducted by the research team of CARD MBA in 2022, 92% of the respondents said they are satisfied with the products, prices, benefits, and services of the Association, including how the staff accommodate their queries.

Members and Employees' Health and Safety

Health Programs

With the unexpected event of the COVID-19 pandemic, CARD MRI Microfinance and Health Protection (MaHP) delivery of health service Community Health Day (CHD) and CARD MRI Community Clinic (CCC) were temporarily put on hold. But it did not stop MaHP Unit in providing assistance to the members health needs. They conduct FB live sessions and did online webinars and lectures to reach out to members and their families through online health education. MaHP also have CARD Laboratory Service that provides laboratory services to both CARD MRI clients & staff and their dependents.

On April 1, 2020 a new program of MaHP unit established called CARD e – Doctor Online consultation wherein free online consultations were provided to the clients, staff and the general public who cannot and doesn't have the means to go to clinics or hospital for consultations amid the COVID-19 pandemic. On 2022 MaHP reached 217,706 patients availment in CARD e-Doctor, Clinic, Online Health Education & Laboratory.

Disaster Preparedness Training

Disaster Preparedness, Fire and Earthquake Drill with First Aid Training is continuously conducted throughout the Association for the safety of the staff. All disaster preparedness kit are provided to the offices to ensure that staff and members are safe and sound in case any unforeseen event happens. On 2022, a surprise earthquake drill was also conducted by the Security Team to test the readiness of the employees.

Supplier/Contractor Selection Criteria

CARD MBA is implementing a selection process procedure to all suppliers and contractors, who will be accredited by the association, to ensure that a good quality of products and services with a competitive price is provided. Supplies' and contractors' financial stability, response time, service availability, cost benefit, compliance with the regulatory and reputation to the market is being considered as part of the due diligence criteria.

Environment-friendly Value Chain

CARD MBA supports the Republic Act 9003 also known as the "Ecological Solid Waste Management Act of 2000 by implementing proper segregation and disposal of solid wastes through the formation and adoption of the best environmental practices in ecological waste management.

As the issue of climate change continues to threaten our water resources, we implemented a policy that encourages all our offices to use water efficiently. All our employees are requested to save water when raining, to use a glass when brushing their teeth, and to use a basin when washing their clothes.

CARD MBA also supports reciprocal and mutual benefits among CARD MRI institutions. We have availed solar panels through CARD Leasing and Finance Corporation (CARD LFC) to ensure continuous Provincial Offices' (POs) operations despite of certain calamities, specially storms and typhoons. This endeavor is also in support to CARD Business Development Service Foundation Inc.'s (CARD-BDSFI) renewable energy initiatives.

Interaction with Communities

The Association continuously joining the campaign of preventing the spread of the COVID 19 by conducting a webinar on the prevention and cure of the COVID 19. CARD MBA Inc. also reached out to the Local Government Unit and other private sectors for the vaccination schedule to ensure that their staff will be vaccinated. Furthermore, blood letting through the Red Cross is likewise conducted in the CARD offices in 2022.

Anti-Corruption Program/Whistle Blowing Policy

CARD MBA continuously implemented its policies on anti-corruption programs such as Bantay-Intergridad, Paid Mandatory Leave and Cluster Manager's Audit Monitoring System (CMAMS). Bantay-Integridad program provide consciousness and commitment to every employee's duty to report in good faith any instances of suspected or actual commission of fraud and any event that is contrary to the value of integrity of CARD. For the year 2022, there are 5 CMAMS conducted in the different regions of operations of the Association.

To further support this, CARD established a Grievance Committee to handle and serve as a formal venue to resolved employees' issues on its work environment. Series of trainings was conducted to all the staff to educate them on the proceedings of documenting the issues and its resolutions.

Creditors' Right

The Association has no credit obligation/s to any third party. However, the Association is committed to meet its obligations to the members, suppliers and third party service providers by monthly monitoring the liquidity ratio and by matching of asset versus the liabilities to ensure enough liquidity to meet its obligations. And in accordance with the law, Association's creditors, if any, are given priority in payment of obligations in the normal course of business and in the event of liquidation.

EMPLOYEES' DEVELOPMENT AND SAFETY PROGRAM

Annual Physical Examination (APE)

Annual Physical Examination/Executive Checkup is one of the health programs of the Association to its qualified employees to ensure that all are fit and in the best condition. Three Hundred Seventy-One (371) employees underwent APE/ Executive Check-up in 2022. Also, all regular employees were given health cards and free dental allowances annually.

Training and Development

The Association places high value on its human resources including Board of Trustees and recognizes the importance of competence, hence, all Board Members and Officers shall be eligible for continuous development program such as local and international trainings, seminars, workshops and conferences.

It is a policy that all staff are required to have at least 16 hours training every year to ensure that all are properly equipped and capacitated with the requirements of their respective duties. Because of this pandemic most of the trainings attended by the staff were through virtual via zoom to help in preventing rapid spread of this COVID-19 virus and to ensure the safety of each staff.

Rank	Average Training Hours	Equivalent No. Of Days
Staff	16	2 days
Manager	24	3 days

As part of the management's goal to give more training and development, selected employees from CARD MBA were given an opportunity for further study. In 2022, Cluster Managers Mr. Erwin G. Venancio and Fidela C. Adan, were both enrolled to Master of Development Management in Union College of Laguna. Also, Cluster Manager Ms. Maribel

M. Almanza, Deputy Director for Claims Ms. Aileen C. Barrera, Deputy Director for Audit Ms. Rhea P. Race, and Finance Manager Ms. Kathryn Joyce Manimtim completed their Master's Degree in Organization Development in Southeast Asia Interdisciplinary Development Institute (SAIDI). Moreover, Deputy Director Operations, Ms. Maria Joyce M. Alimagno and Director for Compliance, Ms. Jennifer O. Redublo completed their short course on Leadership Development Program in John Clement Learning Institute.

Further, below are the trainings and seminars attended by the Board of Trustees.

Microinsurance Forum: Facing Uncertainty Through Strategic Innovation dated January 25-26, 2022

Ms. Olivia C. Ornales	Ms. Beverly A. Sinadjan
Ms. Marlie Jean S. Gimeno	Ms. Jovelyn M. Capuyan
Ms. Mylin M. Chozas	Ms. Alice Y. Gregory
Ms. Marilyn F. Maravilla	Ms. Rowena R. Bayuga
Ms. Gina M. Cabilles	Ms. Filda R. Tolen
Ms. Marjorie I. Quisoy	Ms. Jenelyn A. Sanchez
Mr. Francis M. Puzon	Ms. Vida T. Chiong
Mr. Rolando A. Robles	

MILESTONE: "MBA Coordinators: Kaagapay Mo sa Mabilis at Maayos na Serbisyo" dated March 14, 2022

Ms. Olivia C. Ornales	Ms. Beverly A. Sinadjan
Ms. Marlie Jean S. Gimeno	Ms. Jovelyn M. Capuyan
Ms. Mylin M. Chozas	Ms. Alice Y. Gregory
Ms. Marilyn F. Maravilla	Ms. Rowena R. Bayuga
Ms. Gina M. Cabilles	Ms. Filda R. Tolen
Ms. Marjorie I. Quisoy	Ms. Jenelyn A. Sanchez

Governance and AMLA Workshop of CARD MBA's dated May 18-20, 2022

Ms. Rowena R. Bayuga	Ms. Beverly A. Sinadjan
Ms. Filda R. Tolen	Ms. Jenelyn A. Sanchez
Ms. Marjorie I. Quisoy	Ms. Mylin M. Chozas

AOA/ICMIF Mutual Microinsurance Webinar: 5-5-5 Strategy Report from Philippines and India dated June 19, 2022

Ms. Olivia C. Ornales	Ms. Beverly A. Sinadjan
Ms. Marlie Jean S. Gimeno	Ms. Jovelyn M. Capuyan
Ms. Mylin M. Chozas	Ms. Alice Y. Gregory
Ms. Marilyn F. Maravilla	Ms. Rowena R. Bayuga
Ms. Gina M. Cabilles	Ms. Filda R. Tolen
Ms. Marjorie I. Quisoy	Ms. Jenelyn A. Sanchez
Mr. Francis M. Puzon	Ms. Vida T. Chiong
Mr. Rolando A. Robles	

Corporate Governance Orientation Program dated August 24-25, 2022

Mr. Francis M. Puzon	Mr. Rolando a. Robles
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New Board of Trustees Orientation Program and Image Enhancement Course dated October 10-11, 2022

Ms. Reazhyle A. Francisco	Ms. Leny E. Saber
Ms. Cristy C. Sontosidad	Ms. Maribeth C. Magdato
Ms. Jenny R. Aquino	Ms. Maria Dolores T. Tatel

Governance and Anti-Money Laundering Act (AMLA) Workshop for Mi-MBAs dated October 12-14, 2022

Ms. Reazhyle A. Francisco	Ms. Leny E. Saber
Ms. Cristy C. Sontosidad	Ms. Maribeth C. Magdato
Ms. Jenny R. Aquino	Ms. Maria Dolores T. Tatel

ICMIF Centenary Conference dated October 26-28, 2022

Ms. Olivia C. Ornales	Ms. Mylin M. Chozas
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Furthermore, Corporate Secretary Atty. Jomer H. Aquino, attended Corporate Governance Webinar on November 18, 2022 provided by Risks, Opportunities Assessment and Management (ROAM) Inc.

BOARD OF TRUSTEES PROFILE

Name	Age & Nationality	Position	Education Attainment	Business Owned
Ms. Mylin M. Chozas	40, Filipino	Chairman and President of Board Trustees (elected as Board Treasurer on November 4, 2021)	BS Electrical Engineering (Undergraduate)	<ul style="list-style-type: none"> • Sari-sari store • Food vending
Ms. Rowena R. Bayuga	34, Filipino	Vice President of Board Trustees (elected as Board Treasurer on November 4, 2021)	BS Agricultural	<ul style="list-style-type: none"> • Hog raising
Jenny R. Aquino	39, Filipino	Treasurer of the Board of Trustees since September 7, 2022	High School graduate	<ul style="list-style-type: none"> • Rolling store • Food vending
Filda R. Tolen	60, Filipino	Member of the Board of Trustees since November 4, 2021	High School graduate	<ul style="list-style-type: none"> • Hog raising
Marjorie I. Quisoy	41, Filipino	Member of the Board of Trustees since November 4, 2021	BS Communication Arts (Undergraduate)	<ul style="list-style-type: none"> • Direct selling • Farming
Beverly A. Sinadjan	36, Filipino	Member of the Board of Trustees since November 4, 2021	High School graduate	<ul style="list-style-type: none"> • Fishing • Online Business
Jenelyn A. Sanchez	29, Filipino	Member of the Board of Trustees since November 4, 2021	High School graduate	<ul style="list-style-type: none"> • Buy and sell
Reazhyle A. Francisco	41, Filipino	Member of Board of Trustees since September 7, 2022	High School graduate	<ul style="list-style-type: none"> • Sari-sari store • Farming
Maribeth C. Magdato	40, Filipino	Member of the Board of Trustees since September 7, 2022	Computer Programming	<ul style="list-style-type: none"> • Fish vending

Leny E. Saber	48, Filipino	Member of the Board of Trustees since September 7, 2022	BS Biology	<ul style="list-style-type: none"> • Turmeric • Salabat Maker
Cristy C. Sontosidad	46, Filipino	Member of the Board of Trustees since September 7, 2022	BS Agriculture (Undergraduate)	<ul style="list-style-type: none"> • Farming
Maria Dolores P. Tatel	41, Filipino	Member of the Board of Trustees since September 7, 2022	AB Economics	<ul style="list-style-type: none"> • Farming • Piggery
Vida T. Chiong	71, Filipino	<p>Chairman of the Risk Oversight Committee and member of Audit Committee</p> <p>Related Party Transaction Committee and Governance Committee</p> <p>(elected as Independent Trustee of CARD MBA on September 5, 2019)</p>	<ul style="list-style-type: none"> • Bachelor of Science in Mathematics • Diploma in Mathematics • Master of Science in Management • Doctor of Management Science 	-
Francis M. Puzon	72, Filipino	Elected as Independent Trustee of CARD MBA	Working experience: Senior Management /Supervisory function relative to Compliance, Corporate Governance, Risk, Internal Audit & Controls, Credit & Collections and Remedial Management, Credit Review, Administration and Control, Branch Operations and Head Office Support Functions, Process Re-Engineering and Customer /Quality Service Function	-
Rolando Robles	64, Filipino	Elected as Independent Trustee of CARD MBA on November 4, 2021	Working experience: Former President of Sun Life Asset Management Company Inc., Sun Life of Canada Philippines Inc., Senior Vice President, Head of Distribution Channels, Sun Life of Canada Philippines Inc. Senior Vice President, Head of the Professional Sales Agency, Pioneer Life Inc., Senior Vice President, Head of Individual Life Product Management, Pioneer Life Inc	-

Note: All Board of Trustees do not hold any seat from any publicly listed company.



AUDITED FINANCIAL STATEMENTS

**Center for Agriculture and Rural
Development (CARD)
Mutual Benefit Association, Inc.**
(A Nonstock, Not-for-Profit Association)

Financial Statements
December 31, 2022 and 2021

and

Independent Auditor's Report



A member firm of Ernst & Young Global Limited



SyCip Gorres Velayo & Co. Tel: (632) 8891 0307
 6760 Ayala Avenue Fax: (632) 8819 0872
 1226 Makati City ey.com/ph
 Philippines

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
 Center for Agriculture and Rural Development (CARD)
 Mutual Benefit Association, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Center for Agriculture and Rural Development (CARD) Mutual Benefit Association, Inc. (the Association), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association 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 Financial Statements* section of our report. We are independent of the Association in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 31 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Center for Agriculture and Rural Development (CARD) Mutual Benefit Association, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

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)
MUTUAL BENEFIT ASSOCIATION, INC.**
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Cash and Cash Equivalents (Notes 6 and 26)	₱532,636,744	₱228,528,514
Financial Assets (Note 26)		
Loans and receivables - net (Note 8)	2,792,657,953	4,118,060,612
Held-to-maturity investments (Note 7)	24,639,642,153	19,070,997,581
Available-for-sale (AFS) financial assets (Note 9)	1,003,648,656	1,743,308,691
Accrued Income (Note 10)	442,089,248	341,179,676
Property and Equipment - net (Note 11)	132,394,626	99,602,126
Right-of-use Assets (Note 21)	11,650,723	11,064,476
Investment Properties (Note 12)	304,543,623	326,463,106
Investments in Associates (Note 13)	1,549,603,113	1,337,848,934
Pension Asset - net (Note 25)	41,141,464	44,089,622
Other Assets (Note 14)	24,614,242	19,818,210
	₱31,474,622,545	₱27,340,961,548
LIABILITIES AND FUND BALANCE		
Liabilities		
Insurance contract liabilities (Notes 16 and 26)	₱14,340,616,609	₱12,504,354,764
Retirement fund (Note 17)	9,787,564,851	8,362,624,691
Accounts payable and accrued expenses (Notes 15 and 26)	28,770,316	31,037,853
Lease liabilities (Note 21)	11,689,715	11,122,585
Total Liabilities	24,168,641,491	20,909,139,893
Fund Balance		
Appropriated fund balance (Note 28)	1,165,161,205	1,306,131,542
Unappropriated fund balance	6,069,140,194	4,671,589,276
Other comprehensive income (Notes 9, 13 and 25)	71,679,655	454,100,837
Total Fund Balance	7,305,981,054	6,431,821,655
	₱31,474,622,545	₱27,340,961,548

See accompanying Notes to Financial Statements.

**CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD)
MUTUAL BENEFIT ASSOCIATION, INC.**
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Members' contribution and premiums – micro (Note 18)	₱5,769,740,940	₱5,084,378,442
Reinsurance' share on gross earned premium on insurance contracts (Note 18)	(2,198,145)	(2,615,000)
Net premiums on insurance contracts	5,767,542,795	5,081,763,442
Investment income (Note 19)	774,096,810	612,976,190
Equity in net earnings of associates – net (Note 13)	228,603,052	187,057,372
Rental income (Notes 12 and 21)	18,460,604	17,872,741
Others (Note 17)	6,149,042	36,658,375
Other revenue	1,027,309,508	854,564,678
	6,794,852,303	5,936,328,120
BENEFITS, CLAIMS AND EXPENSES (Note 16)		
Gross change in insurance contract liabilities	1,812,489,750	1,745,261,153
Gross insurance contract benefits and claims paid	2,671,693,570	2,811,773,763
Insurance benefits and claims	4,484,183,320	4,557,034,916
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	937,624,389	689,881,451
	5,421,807,709	5,246,916,367
EXCESS OF REVENUE OVER EXPENSES BEFORE PROVISION FOR TAXES	1,373,044,594	689,411,753
PROVISION FOR INCOME TAX (Note 23)	116,464,013	91,171,070
EXCESS OF REVENUE OVER EXPENSES	1,256,580,581	598,240,683
OTHER COMPREHENSIVE INCOME		
<i>Item that will be reclassified to profit or loss in subsequent periods</i>		
Fair value gain (loss) on AFS financial assets (Note 9)	(378,935,811)	125,307,108
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>		
Remeasurement losses on defined benefit plan (Note 25)	(338,147)	(3,561,240)
Equity in other comprehensive income (loss) of associates (Note 13)	(3,147,224)	671,322
	(382,421,182)	122,417,190
TOTAL COMPREHENSIVE INCOME	₱874,159,399	₱720,657,873

See accompanying Notes to Financial Statements.

**CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD)
MUTUAL BENEFIT ASSOCIATION
(A Nonstock, Not-for-Profit Association)
STATEMENTS OF CHANGES IN FUND BALANCE**

	Appropriated Fund Balance (Note 28)	Unappropriated Fund Balance	Fair Value Gain on AFS Financial Assets (Note 9)	Remeasurement of Actuarial Gains (Losses) (Note 25)	Equity in other comprehensive income of an associate (Note 13)	Total	Total Fund Balance
At January 1, 2022	₱1,306,131,542	₱4,671,589,276	₱445,742,604	₱5,427,014	₱2,931,219	₱454,100,837	₱6,431,821,655
Appropriation during the year	—	—	—	—	—	—	—
Guaranty Fund Adjustment	(43,309,000)	43,309,000	—	—	—	—	—
Utilization of appropriation	(34,134,027)	—	—	—	—	—	(34,134,027)
Reversal of Appropriation	(63,527,310)	97,661,337	—	—	—	—	34,134,027
Total comprehensive income:	—	—	—	—	—	—	—
Excess of revenue over expenses	—	1,256,580,581	—	—	—	—	1,256,580,581
Other comprehensive income (loss)	—	—	(378,935,811)	(338,147)	(3,147,224)	(382,421,182)	(382,421,182)
At December 31, 2022	₱1,165,161,205	₱6,069,140,194	₱66,806,793	₱5,088,867	(₱216,005)	₱71,679,655	₱7,305,981,054
At January 1, 2021	₱511,061,525	₱4,909,099,375	₱320,435,496	₱8,988,254	₱2,259,897	₱331,683,647	₱5,751,844,547
Appropriation during the year	835,750,782	(835,750,782)	—	—	—	—	—
Utilization of appropriation	(40,680,765)	—	—	—	—	—	(40,680,765)
Total comprehensive income:	—	—	—	—	—	—	—
Excess of revenue over expenses	—	598,240,683	—	—	—	—	598,240,683
Other comprehensive income (loss)	—	—	125,307,108	(3,561,240)	671,322	122,417,190	122,417,190
At December 31, 2021	₱1,306,131,542	₱4,671,589,276	₱445,742,604	₱5,427,014	₱2,931,219	₱454,100,837	₱6,431,821,655

See accompanying Notes to Financial Statements.

**CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD)
MUTUAL BENEFIT ASSOCIATION, INC.**
(A Nonstock, Not-for-Profit Association)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses before provision for current and final tax	₱1,373,044,594	₱689,411,753
Adjustments for:		
Increase in aggregate reserves (Note 16)	1,812,489,751	1,745,261,153
Interest income (Notes 6, 7, 8 and 19)	(646,481,223)	(508,370,150)
Dividend income (Notes 9 and 19)	(127,615,587)	(104,606,040)
Equity in net earnings of an associate - net (Note 13)	(228,603,052)	(187,057,372)
Depreciation (Notes 11, 12, and 21)	39,393,879	36,496,904
Amortization of bond discount (Note 7)	22,578,002	(593,670)
Reversal of or provision for credit losses (Note 8)	823,491	(398,261)
Pension expense – net (Note 25)	2,497,296	2,018,622
Impairment losses (Note 20)	11,570,440	12,752,193
Interest expense on lease liability (Note 21)	558,991	1,036,738
Cash generated from operations before changes in working capital	2,260,256,582	1,685,951,870
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	7,333,489	(10,772,233)
Other assets	(4,683,317)	(2,397,422)
Increase (decrease) in:		
Retirement fund	1,424,940,160	1,253,840,691
Accounts payable and accrued expenses	(13,560,756)	(21,217,422)
Claims payable	23,772,092	(10,273,547)
Net cash generated from operations	3,698,058,250	2,895,131,937
Income taxes paid	(116,232,195)	(91,171,070)
Utilization of appropriation (Note 28)	(34,134,027)	(40,680,765)
Contributions paid (Note 25)	–	(549,578)
Net cash provided by operating activities	3,547,692,028	2,762,730,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	545,571,651	450,700,809
Cash dividends received	226,173,925	141,612,842
Acquisitions of:		
Held-to-maturity investments (Note 7)	(9,607,787,695)	(4,495,476,666)
Available-for-sale financial assets (Note 9)	(500,000)	(205,616,730)
Short-term investments (Note 8)	(545,194,754)	(1,341,530,921)
Long-term investments (Note 8)	(13,730,756)	(94,375,715)
Investment properties (Note 12)	(2,768,793)	(1,154,021)
Investments in associates (Note 13)	(84,856,690)	(44,581,298)

(Forward)

	Years Ended December 31	
	2022	2021
Property and equipment (Note 11)	(P48,391,432)	(P8,472,434)
Loans and receivables (Note 8)	—	(100,000,000)
Proceeds from sale/maturities of:		
Held-to-maturity investments (Note 7)	4,061,721,124	1,999,014,396
Available-for-sale financial assets (Note 9 and 25)	360,501,255	190,534,967
Short-term investments (Note 8)	1,644,050,892	288,165,176
Long-term investments (Note 8)	132,548,236	94,617,014
Property and equipment (Note 11)	588,518	723,863
Loans and receivables	99,572,062	10,538,848
Net cash flows used in investing activities	(3,232,502,457)	(3,115,299,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities (Note 21)	(11,081,341)	(10,028,765)
NET INCREASE IN CASH AND CASH EQUIVALENTS	304,108,229	(362,598,111)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	228,528,514	591,126,625
CASH AND CASH EQUIVALENTS AT END OF YEAR	P532,636,744	228,528,514

See accompanying Notes to Financial Statements.

**CENTER FOR AGRICULTURE AND RURAL DEVELOPMENT (CARD)
MUTUAL BENEFIT ASSOCIATION, INC.**
(A Nonstock, Not-for-Profit Association)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Center for Agriculture and Rural Development (CARD) Mutual Benefit Association, Inc. (the Association) was registered with the Securities and Exchange Commission (SEC) as a non-stock, not-for-profit association on October 29, 1999. It was granted a license by the Insurance Commission (IC) on May 22, 2001 to engage as a mutual benefit association that extends benefits and services for the welfare and financial security of its members and their families in the form of death benefits, medical subsidy, pension and loan redemption assistance and ensuring continued access to benefits and resources. The Association actively involves the members in the direct management of the Association including the implementation of policies and procedures geared towards sustainability and improved services.

As a non-stock, not-for-profit and mutual benefit association, the Association was granted tax exemption with respect to income and value-added taxes (VAT) except for those activities which are conducted for profit and are not directly related to its main purpose as provided under the National Internal Revenue Code of 1997 as amended by Republic Act 8424 known as the Comprehensive Tax Reform Program by the Bureau of Internal Revenue (BIR).

On July 22, 2013, the BIR issued Revenue Memorandum Order (RMO) No. 20-2013, prescribing the policies and guidelines in availing the Tax Exemption Rulings to qualified non-stock, not-for-profit corporations and associations. It requires these corporations and associations to file their respective Applications for Tax Exemption/Revalidation with the revenue district office where they are registered. The said RMO also specified that failure to renew the Tax Exemption Ruling within its validity period of three years would revoke the qualified entity's exemption.

On October 29, 2013, the BIR issued RMO No. 28-2013, clarifying certain provisions of RMO 20-2013. It clarified that failure to renew the Tax Exemption Ruling shall be deemed revocation of the Tax Exemption Ruling upon the expiration of the three-year period.

On December 27, 2013, the Association filed its Application for Tax Exemption/Revalidation with the BIR. The Association has made a regular follow-up on the status of its application. As of December 31, 2022 and 2021, the revalidation of tax exemption is still pending with the BIR (Note 5).

On September 18, 2014, the BIR issued RMO No. 34-2014 clarifying certain provisions of RMO 20-2013, as amended by RMO 28-2013. It clarified that Tax Exemption Rulings do not confer tax exemptions which are not provided for by law, nor can Tax Exemption Rulings abrogate those exemptions which are granted by the law. Consistent with this nature of Tax Exemption Rulings, the absence of a valid, current and subsisting Tax Exemption Ruling will not operate to divest qualified entities of the tax exemption provided under the Constitution or Section 30 of the Tax Code.

In June 2015, the Association obtained its registration from BIR as a VAT-registered entity in relation to its rental income earned from investment properties. This income is subjected to current income tax and VAT.

The registered office address of the Association is 120 M. Paulino St., Corner P. Burgos St., Brgy. VII-D, San Pablo City, Laguna.

2. Basis of Preparation and Statement of Compliance

Basis for Preparation

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

Statement of Compliance

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

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards and interpretations effective as at January 1, 2022. The Association has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these new standards did not have an impact on the financial statements of the Association.

- 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.

Future Changes in Accounting Policies

The Association has not applied the succeeding amended PFRS which are not yet effective for the year ended December 31, 2022. Unless otherwise indicated, the succeeding amended PFRS will not significantly impact the financial statements:

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

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 main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin ("CSM") that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profitability of the insurance contracts to be recognized in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognized in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognized directly on the balance sheet.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognized amounts from insurance contracts and the nature and extent of risks arising from these contracts.

The standard is effective for annual periods beginning on or after 1 January 2025. Early application is permitted, provided the entity also applies PFRS 9 and PFRS 15 on or before the date it first applies PFRS 17. An entity shall apply PFRS 17 retrospective approach for estimating the CSM on the transition date. However, if full retrospective application for estimating the CSM, is impracticable, an entity is required to choose one of the following two alternatives:

- **Modified retrospective approach**
Based on reasonable and supportable information available without undue cost and effort to the entity, certain modifications are applied to the extent full retrospective application is not possible, but still with the objective to achieve the closest possible outcome to retrospective application.
- **Fair value approach**
The CSM is determined as the positive difference between the fair value determined in accordance with PFRS 13, *Fair Value Measurement* and the fulfilment cash flows (any negative difference would be recognized in retained earnings at the transition date).

Both the modified retrospective approach and the fair value approach provide transitional reliefs for determining the grouping of contracts. If an entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, it is required to apply the fair value approach.

To date, the Association has not started assessing the impact of the new standard.

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*

Accounting Standards Effective but not yet Adopted

- Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9, *Financial Instruments*, with PFRS 4

The amendments address concerns arising from implementing PFRS 9, the new financial instrument standard before implementing the new insurance contract standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply the approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

Qualifying for temporary exemption from PFRS 9

The Association applied the temporary exemption from PFRS 9 as permitted by the amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts* issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2025.

The assessment for whether a reporting entity's activities are predominantly connected with insurance is based on the liabilities connected with insurance in proportion to the entity's total liabilities. An entity may elect the temporary exemption if, and only if:

- o The carrying amount of its liabilities arising from contracts within the scope of PFRS 4 is significant compared to the total carrying amount of all its liabilities; and
- o The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all of its liabilities is:
 - i. Greater than 90 percent; or
 - ii. Less than or equal to 90 percent but greater than 80 percent, and the insurer does not engage in a significant activity unconnected with insurance.

The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date December 31, 2015 and before December 31, 2018. Applying the requirements, the Association performed the predominance assessment using the Association's statement of financial position as of December 31, 2015.

The Association concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance. As at December 31, 2015, the Association's gross liabilities arising from contracts within the scope of PFRS 4 represented 94% of the total carrying amount of all its liabilities, and the Association did not engage into any significant activities not connected with insurance. Since December 31, 2015, there has been no change in the activities of the Association that requires reassessment of the use of the temporary exemption.

4. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and that are subject to an insignificant risk of changes in value.

Fair Value Measurement

For measurement and disclosures purposes, the Association determines the fair value of an asset or liability at initial measurement or at each reporting date.

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

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

The principal or the most advantageous market must be accessible to the Association.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

- Level 1 - Quoted (unadjusted) market prices in active 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 Association determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments*Date of recognition*

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

Initial recognition of financial instruments

Financial instruments are initially recognized at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through profit

or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Association classifies its financial assets in the following categories: held-to-maturity (HTM) investments, AFS investments, FVPL investments, and loans and receivables. The Association classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every end of the reporting period.

Day 1 profit

Where the transaction price in a non-active market is different to 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 Association recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of comprehensive income. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Association determines the appropriate method of recognizing the Day 1 profit amount.

Loan and receivables

Receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which the Association has no intention of trading. Receivables are carried at amortized cost using the effective interest rate (EIR) method, reduced by allowance for impairment losses. Gains and losses are recognized in the statement of comprehensive income when the receivables are derecognized or impaired based on comparison with fair value.

Short-term investments

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

Long-term Investments

Long-term investments are non-current assets that are not used in operating activities to generate revenues. In other words, long-term investments are assets that are held for more than one year or accounting period and are used to create other income outside of the normal operations of the Association.

Financial assets or financial liabilities are classified in this category are designated by management on initial recognition when any of the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

AFS financial assets

AFS financial assets are those investments which are designated as such or do not qualify to be classified as designated as at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

These investments are initially recorded at cost, being the fair value of the consideration paid for the acquisition of the investment, including all transaction costs directly attributable to the acquisition. After initial recognition, AFS financial assets are subsequently measured at fair value. Interest earned on holding AFS financial assets are reported as interest income using the EIR. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded from reported earnings and are reported as “Reserve for fluctuation in value of AFS financial assets” (net of tax, where applicable) in the other comprehensive income in the fund balance section of the Association’s statement of financial position. When the security is disposed of, the cumulative gains or losses previously recognized in equity is recognized in the Association’s statement of comprehensive income.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, less any allowance for impairment losses. Dividends earned on holding AFS financial assets are recognized in the Association’s statement of comprehensive income when the right of payment has been established.

The losses arising from impairment of such investments are recognized as “Provision for impairment losses” included under “general and administrative expenses” in the Association’s statement of comprehensive income.

As of December 31, 2022 and 2021, AFS financial assets include investments in mutual fund, investments in unquoted equity securities and unit investment trust fund. Investments in mutual funds and unit investment trust fund are initially recorded at fair value and revalued at year-end in reference to published net asset value. Meanwhile, investment in unquoted securities are initially recorded at cost, being the fair value of the investment at the time of acquisition.

HTM investments

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

Other financial liabilities

Issued financial instruments or their components, which are not designated at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the

Association having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

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

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Association assesses that it has a currently enforceable right of offset 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 Association and all of the counterparties.

Impairment of Financial Assets

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

Assets carried at amortized cost

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

The Association first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

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

AFS financial assets

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the statement of comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the statement of comprehensive income. Reversals of impairment losses on debt instruments are reversed through the statement of comprehensive income if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in the statement of comprehensive income.

Derecognition of Financial Assets and Liabilities*Financial assets*

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

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

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

Financial liabilities

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

Investments in Associates

An associate is an entity over which the Association has a significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Association's investment in an associate is accounted for using the equity method.

Under the equity method, investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Association's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of income reflects the Association's share of the results of operations of the associate. Any change in OCI of the associate is presented as part of the Association's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Association recognizes its share of any changes, when applicable, in the statement of changes in fund balance. Unrealized gains and losses resulting from transactions between the Association and associate are eliminated to the extent of the interest in the associate'.

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

Upon loss of significant influence over the associate, the Association measures and recognizes any retained investment 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 statement of income.

Property and Equipment

The Association's property and equipment consist of land, building, equipment and right-of-use assets that do not qualify as investment properties.

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

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

	Years
Building	10-15
Land improvement	10
Transportation equipment	7
Computer equipment	5
Office equipment	3
Office furniture and fixtures	3

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

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

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

Investment Properties

Investment properties comprise of land and building that are held to earn rentals or capital appreciation or both and that are not occupied by the Association.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and amortization and any impairment in value. Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of assets as follows:

	In Years
Building	10-15

The EUL and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in which it arises.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the period in which the costs are incurred.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, as evidenced by commencement or owner occupation or commencement of development with a view to sale.

Impairment of Nonfinancial Assets

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

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

allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Fund Balance

Fund balance represents accumulated excess of revenue over expenses.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

Members' Contribution and Premiums

Contributions and premiums are recognized when collected. When contributions and premiums are recognized, actuarial liabilities are computed, with the result that benefits and expenses are matched with such revenue. The Association collects its contributions and premiums through the following affiliates that are considered as collecting institutions: (a) CARD Bank, Inc., (b) CARD, Inc., (c) CARD SME Bank, Inc., (d) CARD MRI Rizal Bank, Inc. (e) CARD Leasing and Finance Corp., and (f) CARD Employee Multi-Purpose Cooperative and all BOAT partners.

Interest income

Interest on interest-bearing placements and securities are recognized based on the accrual accounting using the EIR.

Rental income

Rental income is the income generated from the investment properties of the Association and recognized when earned.

Other income

Income from other sources is recognized when earned.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for life insurance contracts is calculated in compliance with the statutory requirements as set by the IC where the assumptions used are based on 50.00% of gross premiums of the Association for the year. Valuation standards for life insurance policy reserves, requiring insurance companies to calculate the reserves for traditional life insurance policies with a term of one year or less using unearned premium method.

Golden life contract liabilities

Golden life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for golden life insurance contracts is calculated on the basis of a prudent prospective actuarial valuation method wherein the assumptions used are the 1980 Commissioners Standard Ordinary (CSO) Male - Age Nearest Birth Table for mortality and 4.00% as discount rate per annum. Both assumptions are duly approved by IC.

Golden Life Insurance Program (GLIP)

Golden Life Insurance Program (GLIP) contract liabilities are recognized when contracts are entered into and the premiums are recognized. The policy reserves for Golden Life is calculated using the Net Premium Valuation (NPV) Method. It is calculated as the expected present value of future benefits less the expected value of the future premiums arising from the policy. The assumptions

used are discount rate and mortality rate which are based on the pricing assumptions as indicated in the Actuarial Notes. The discount rate is at 3.75% per annum and 100.00% of 1980 Commissioner's Standard Ordinary (CSO) Male – Age Nearest Birthday for the mortality rate.

Basic Life Insurance Program (BLIP) Extension Plan

Basic Life Insurance Program (BLIP) Extension Plan contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserves for BLIP Extension Plan is calculated using the Net Premium Valuation (NPV) Method. It is calculated as the expected present value of future benefits less the expected value of the future premiums arising from the policy. The assumptions used are discount rate and mortality rate which are based on the pricing assumptions as indicated in the Actuarial Notes. The discount rate is at 3.50% per annum and the mortality rate used is 100.00% of the Philippine Intercompany Mortality Table. These assumptions are duly approved by the Insurance Commission.

Katuparan Plan

Katuparan Plan contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for the Katuparan Plan is calculated as 50% of the gross premium collection for the year.

Remitter Protek Plan

Remitter Protek Plan contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for Remitter Protek Plan is computed using the unearned net premiums reserves method.

Family Security Plan

Family Security Plan contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for Family Security Plan is calculated using the Unearned Premium Reserve's 24th method.

Loan redemption contract liabilities

Loan redemption contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The reserve for loan redemption is computed using the unearned net premium reserves method.

Liability adequacy test

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against the statement of comprehensive income initially by establishing a provision for losses arising from the liability adequacy tests.

Claim Costs

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

Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants.

Benefits and claims

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

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

General and administrative expenses

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

Defined benefit plan

The net defined benefit liability or asset 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 (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. 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 plans is actuarially determined using the projected unit credit method.

Defined benefit 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 cost, past service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

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 other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss 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 Group, nor can they be paid directly to the Association. 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.

Leases

The Association 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.

The Association as a lessee

The Association applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Association 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 Association 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 Association measures the right-of-use assets at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Unless the Association is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**

At the commencement date of the lease, the Association recognizes lease liabilities measured at the present value of lease payments to be made over the lease term discounted using the Association's incremental borrowing rate 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 Association 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.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date of the lease, the Association 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 Association 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 spaces and other equipment 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 'Occupancy and equipment-related costs' on a straight-line basis over the lease term.

The Association as a lessor

In operating leases where the Association does not transfer substantially all the risks and rewards incidental to ownership of an asset, the Association recognizes rental income on a straight-line basis over the lease terms. The Association 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 Association recognizes contingent rents as revenue in the period in which they are earned.

Income Tax

Current Tax

Current tax assets and liabilities for the current and prior periods 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 substantially enacted at the end of the reporting period.

Provisions

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent Liabilities and Contingent Assets

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

Events After the Reporting Period

Any post year-end event that provides additional information about the Associations's position at the reporting date (adjusting event) is 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.

5. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

a. Product classification

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

The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. As a general guideline, the Association defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

b. Classification of HTM investments

The Association classifies non-derivative financial assets with fixed or determinable payments and fixed maturities as HTM investments. This classification requires significant judgment. In making this judgment, the Association evaluates its intention and ability to hold such investments to maturity. If the Association fails to keep these investments to maturity other than in certain specific circumstances, the Association will be required to reclassify the entire portfolio as AFS financial assets and to measure these at fair value and not at amortized cost. The Association has HTM investments amounting to ₱24.64 billion and ₱19.07 billion as of December 31, 2022 and 2021, respectively (see Note 7). As of December 31, 2022 and 2021, the fair value of HTM investments amounted to ₱21.82 billion and ₱19.36 billion, respectively (see Note 7).

c. Fair value of financial instruments

The Association carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgments. Fair value determinations for financial assets and liabilities are based generally on listed or quoted market prices. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time.

While significant components of fair value were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

The fair values of the Association's financial instruments follow (see Note 26):

	2022	2021
Financial assets	P29,412,264,264	P26,264,111,245
Financial liabilities	28,770,317	31,037,853

d. Tax position on the Association's tax exempt operations

As of December 31, 2022 and 2021, the Association's renewal of its Tax Exemption Ruling is still pending with the BIR. In this regard, the status of the Association's tax-exempt operations is considered an uncertain tax position. The Association has assessed that it is probable that the taxation authority will accept said uncertain tax treatment, and accordingly has determined its tax-exempt profit consistently with the tax treatment used in its income tax filings. However, future events or conditions may have an impact on this assessment.

On January 23, 2020, the Association received a letter from the OIC-Revenue District Officer of BIR Revenue District Office No. 055-East Laguna (BIR RDO 055), in response to the Association's request for the revalidation of its Certificate of Tax Exemption, opining that the Association "does not qualify for exemption under Section 30 (G) of the NIRC, as amended, and, therefore, is liable for regular corporate income tax imposed under Title II of the same Code and other applicable taxes such as Value Added Tax (VAT) or Percentage Tax on the alleged ground that its primary source of income is the gross premiums on insurance contracts as this indicates that the Association is a credit facility or a financing enterprise administered for profit.

The Association's Legal Counsel duly protested the same and filed on February 20, 2020 its position paper thereto. In response to the BIR's letter, the Association submitted that it qualifies as a tax-exempt entity under Section 30 (C) of the Tax Code, as amended, and that its source of income is in consonance with the operations of a mutual benefit association as provided for and governed under Chapter VII, Title 1, Sections 403 to 423 of Republic Act No. 10607, otherwise known as the Insurance Code of the Philippines.

In August 2020, the Association received a reply from BIR RDO 055, and after having referred the matter to its Legal Division it had issued Legal Opinion Numbered RR9B-022-2020 dated June 15, 2020, wherein it mentioned that the Association "failed to prove" that it is a non-stock, non-profit association which is exempt from tax, while also citing certain documentary requirements. The Association submitted the documentary requirements to the BIR on September 4, 2020.

On October 19, 2020, the Association received another letter from BIR RDO 055, providing its findings on the submitted documents, and instructed the Association to comply with Section VI (A) 3 (I, ii, iii, iv) and 4 of Revenue Memorandum Circular 38-2019, whereby the Association's letter together with all the attachments be filed again with the respective Revenue District Office after compliance of such requirements. The Revenue District Office also informed that the currently submitted documents have been endorsed to its Legal Division.

The Association's Legal Counsel responded to the above BIR letter in November 2020, resubmitting all the required documents and reiterating its compliance with the aforementioned requirements regarding its tax-exempt status, while also requesting that the Tax Exemption Certification already be issued to the Association.

On December 18, 2020, the Association received another letter from BIR RDO 055, requesting for a copy of the Association's latest License to Operate granted by the Insurance Commission, to further evaluate the Association's tax-exempt status. The Revenue District Office also stated that

since the Association has a pending audit investigation for the taxable year 2018, it cannot issue a Certificate of No Pending Investigation, which is one of the requirements under RMO 38-2019. The Association accordingly responded to this BIR letter on the same day and submitted a copy of its latest License to Operate.

Estimates

a. Impairment of nonfinancial assets

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

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

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

For the year ended December 31, 2022, an impairment loss has been recognized amounting to ₱0.11 million for property and equipment (see) and ₱11.46 million for investment properties (see Note 12). No impairment loss was recognized in 2021.

The following table sets forth the fair values of investment properties as of December 31:

	2022	2021
Investment properties (Note 12)	₱405,749,637	₱411,628,043

b. Impairment of receivables

The Association reviews its receivables to assess impairment annually. In determining whether an impairment loss should be recorded in the statement of revenue and expenses, the Association makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. Total receivables net of allowance for impairment losses amounted to ₱31.20 million and ₱138.92 million as of December 31, 2022 and 2021, respectively (see Note 8). Allowance for probable losses amounted to ₱1.59 million and ₱0.90 million as of December 31, 2022 and 2021, respectively (see Note 8).

c. Impairment of AFS financial assets

The Association determines that AFS financial assets are impaired when there has been a significant or prolonged decline in the fair value below cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Association evaluates among other factors, the normal volatility in price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

As of December 31, 2022 and 2021, the fair value of AFS financial assets amounted to ₱1.00 billion and ₱1.74 billion, respectively (see Note 9). In 2022, no impairment loss recognized on AFS financial assets in 2022. In 2021, the Association recognized an impairment on one of its investment in AFS amounting to ₱12.75 million.

d. Retirement and other employee benefits

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The net pension asset amounted to ₱41.14 million and ₱44.09 million as of December 31, 2022 and 2021, respectively (see Note 25).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific

e. Provision for reserves

The estimation of ultimate liability arising from claims made under life insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Previous experience and trends are fundamentally considered in determining the liability. In determining the provision for reserves, estimates are made as to the expected number of deaths, illness or injury for each of the years in which the Association is exposed to risk. These estimates are based on standard industry and national mortality and morbidity tables. The estimated number of deaths, illness or injury determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future premiums. Estimates are also made to future investment income arising from the assets backing life insurance contracts. These estimates are based on weighted average rate of return arising from the assets backing life insurance contracts. Refer to Note 26 for the key assumptions used in the estimation of provision for reserves.

f. Contingencies

The Association estimates basic contingency reserve for payment of claims or obligations computed on the basis of a prudent prospective actuarial assumptions. Basic contingency reserve is set on Membership Certificates to meet the contractual obligation, other than the Member's Equity Value, as it falls due. The estimate is based on mortality, disability, and morbidity rate assumptions.

6. Cash and Cash Equivalents

This account consists:

	2022	2021
Cash on hand	₱200,000	₱200,010
Cash in banks	153,013,098	190,968,241
Cash equivalents	379,423,646	37,360,263
	₱532,636,744	₱228,528,514

Cash in banks earns interest at the prevailing bank deposit rates ranging from 0.01% to 1.45% and 0.01% to 1.00% in 2022 and 2021, respectively.

Cash equivalents are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Association and earn interest at the prevailing rates ranging from 2.10% to 4.00% and 0.10% to 1.20% in 2022 and 2021, respectively.

Interest income earned from cash and cash equivalents amounted to ₱4.54 million and ₱8.76 million in 2022 and 2021, respectively (see Note 19). Accrued income from cash and cash equivalents amounted to ₱1.16 million and ₱0.01 million as of December 31, 2022 and 2021, respectively (see Note 10).

7. Held-to-Maturity Investments

As of December 31, 2022 and 2021, the carrying amounts and fair values of these securities follow:

	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed treasury notes	₱15,010,161,523	₱14,059,379,632	₱12,245,297,643	₱12,442,130,883
Retail treasury bonds	6,990,541,138	6,796,901,707	5,548,761,688	5,576,712,941
Corporate bonds	1,000,198,090	952,551,038	950,249,686	1,014,104,924
Treasury bills	1,638,741,402	10,140,505	326,688,564	330,881,818
	₱24,639,642,153	₱21,818,972,882	₱19,070,997,581	₱19,363,830,566

These investments bear annual interest rates which ranged from 2.38% to 8.63% and 1.40% to 8.00% in 2022 and 2021, respectively, and will mature between one (1) and thirteen (13) years from the statements of financial position date. Interest income from these investments less amortization of discount amounted to ₱566.74 million and ₱422.75 million in 2022 and 2021, respectively (see Note 19). Accrued income from these investments amounted to ₱196.15 million and ₱160.31 million in 2022 and 2021, respectively (see Note 10).

The rollforward analysis of HTM investments follows:

	2022	2021
At January 1	₱19,070,997,581	₱16,573,941,641
Additions	9,607,787,695	4,495,476,666
Amortization of bond discount	22,578,002	593,670
Maturities	(4,061,721,122)	(1,999,014,396)
At December 31	₱24,639,642,153	₱19,070,997,581

As of December 31, 2022 and 2021, HTM investments include government securities classified as guaranty fund amounting to ₱179.38 million and ₱222.69 million, respectively. These investments are deposited with the IC, in accordance with the provisions of Section 405 of the 2013 Revised Insurance Code, as security for the benefit of policyholders and creditors of the Association.

8. Loans and Receivables

As of December 31, 2022 and 2021, the Association's loans and receivables are as follows:

	2022	2021
Receivables – net	₱31,195,593	₱138,924,633
Short-term investments	211,824,815	1,310,680,953
Long-term investments	2,549,637,545	2,668,455,026
	₱2,792,657,953	₱4,118,060,612

Receivables

This account consists of:

	2022	2021
Receivables from:		
Related parties (Note 22)	₱8,185,041	₱3,743,720
Members and employees	999,400	1,521,946
Advances for future stock subscription (Note 9)	10,546,987	27,306,288
Notes receivable	5,000,000	–
Loans receivable (Note 22)	4,500,000	104,072,061
Others	3,553,676	3,182,894
	32,785,104	139,826,909
Less: Allowance for probable losses	1,589,511	902,276
	₱31,195,593	₱138,924,633

Receivables from related parties pertain to premiums collected by related parties from the Association's members. These are generally 1 to 30-day terms.

Receivables from members and employees include receivables from the Association's members of Build-Operate and Transfer (BOAT) program representing unremitted premiums. It also includes receivables from the Association's employees due to the excess claims and benefits disbursed to its members. These receivables are expected to be settled and collected within thirty (30) days.

Advances for stock subscription pertains to payments made for the investments to CARD Leasing and Finance Corporation (CLFC) and Rizal College of Laguna, Inc. (RCLI) in 2022 and Matapat Holdings, Inc.(MHI) and RCLI in 2021. Shares of stocks of MHI were issued in 2022 (see Note 13), while the stocks of other entities mentioned are not yet issued to the Association as of December 31, 2022.

Notes receivable pertain to the payment made to Asian Breast Cancer (ABC), Inc. The notes are convertible to common shares after the specified conversion period in the contract.

Loans receivable pertain to loan agreements of the Association with UniHealth Quezon Hospital and Medical Center, CARD MRI Property Holdings, Inc (CMPHI), and CARD, Inc. The movements in loans receivable follow:

	2022	2021
At January 1	₱104,072,061	₱14,610,909
Additions	–	100,000,000
Principal collections	(99,572,061)	(10,538,848)
At December 31	₱4,500,000	₱104,072,061

Significant terms and conditions of the loan follows:

2022					
	Outstanding balance	Release date	Interest rate	Terms	Maturity Date
UniHealth Quezon Hospital and Medical Center	P=	December 19, 2017	6% per annum payable quarterly	5 years; Quarterly interest on the first two years and Principal plus interest starting 3 rd year of the loan.	September 30, 2022
CARD MRI Property Management, Inc.	4,500,000	May 16, 2019	5.711% per annum	Interest is payable every quarter and principal amount of loan is payable every 6 months.	May 16, 2024
CARD, Inc.	—	October 8, 2021	2.50% per annum	Interest and principal is payable every month.	October 8, 2024
2021					
	Outstanding balance	Release date	Interest rate	Terms	Maturity Date
UniHealth Quezon Hospital and Medical Center	P1,761,818	December 19, 2017	6% per annum payable quarterly	5 years; Quarterly interest on the first two years and Principal plus interest starting 3 rd year of the loan.	September 30, 2022
CARD MRI Property Management, Inc.	7,500,000	May 16, 2019	5.711% per annum	Interest is payable every quarter and principal amount of loan is payable every 6 months.	May 16, 2024
CARD, Inc.	94,810,244	October 8, 2021	2.50% per annum	Interest and principal is payable every month.	October 8, 2024

Total interest income received from the loans receivable amounted to P1.72 million in 2022 and 2021 (see Note 19).

As of December 31, 2022 and 2021, allowance for probable losses for receivables determined based on specific identification and assessment follows:

	Receivables from Related Parties (Note 22)	Other Receivables	Total
At January 1, 2021	P1,151,704	P534,305	P1,686,009
Write-off	—	(385,472)	(385,472)
Reversal of or provision of probable losses	(954,506)	556,245	(398,261)
At December 31, 2021	P197,198	P705,078	P902,276
Write-off	—	(136,256)	(136,256)
Provision for probable losses	243,194	580,297	823,491
At December 31, 2022	P440,392	P1,149,119	P1,589,511

Short-Term Investments

Short-term investments are money market placements with maturities of more than three (3) months but less than one (1) year and bear annual interest at rates that ranged from 1.80% to 3.38% in 2022 and 0.15% to 2.00% in 2021. Interest income earned from these investments amounted to ₱12.28 million and ₱9.82 million in 2022 and 2021, respectively (see Note 19).

The rollforward analysis of short-term investments follows:

	2022	2021
At January 1	₱1,310,680,953	₱257,315,208
Additions	545,194,754	1,341,530,921
Maturities	(1,644,050,892)	(288,165,176)
At December 31	₱211,824,815	₱1,310,680,953

Long-Term Investments

The long-term investments are placements with maturity of more than one (1) year but less than five (5) years that bear annual interest of 3.00% to 6.00% in 2022 and 2021. Interest income earned from these investments amounted to ₱61.20 million and ₱65.32 million in 2022 and 2021, respectively (see Note 19).

The rollforward analysis of long-term investments follows:

	2022	2021
At January 1	₱2,668,455,026	₱2,668,696,325
Additions	13,730,756	94,375,715
Maturities	(132,548,237)	(94,617,014)
At December 31	₱2,549,637,545	₱2,668,455,026

Accrued interest income from total loans and receivables amounted to ₱245.94 million and ₱180.86 million in 2022 and 2021, respectively (see Note 10).

9. Available-for-Sale Financial Assets

This account consists of:

	2022	2021
Unquoted equity securities	₱875,221,475	₱1,235,744,500
Mutual funds	128,427,181	430,322,245
Unit Investment Trust Fund (UITF)	—	77,241,946
	₱1,003,648,656	₱1,743,308,691

The carrying values of AFS financial assets have been determined as follows:

	Unquoted Equity Securities	Mutual Funds	UITF	Total
At January 1, 2021	₱1,084,243,217	₱473,609,078	₱76,432,096	₱1,634,284,391
Additions	52,359,800	151,201,681	2,055,249	205,616,730
Fair value gains (losses)	130,506,054	(6,008,795)	809,849	125,307,108
Impairment loss	(12,752,196)	—	—	(12,752,196)
Disposal	—	(188,479,719)	(2,055,248)	(190,534,967)
Other adjustment	(18,612,375)	—	—	(18,612,375)
At December 31, 2021	₱1,235,744,500	₱430,322,245	₱77,241,946	₱1,743,308,691
Additions	500,000	—	—	500,000
Fair value losses	(361,023,025)	(17,608,132)	(304,654)	(378,935,811)
Disposal	—	(284,286,932)	(76,937,292)	(361,224,224)
At December 31, 2022	₱875,221,475	₱128,427,181	₱—	₱1,003,648,656

Details of the Association's investments in unquoted equity securities follow:

	2022			2021		
	Amount	Shares	Percentage of ownership	Amount	Shares	Percentage of ownership
CARD Bank, Inc.*	₱762,544,377	3,783,776	66.00%	₱1,086,246,414	3,783,776	66.17%
CARD MRI Rizal Bank, Inc.*	83,699,316	589,017	58.51%	129,595,520	589,017	70.88%
CLFC	24,857,200	40,000	4.00%	17,010,800	40,000	4.00%
EMSHI (Note 8)	2,594,087	10,800	7.20%	2,247,807	10,800	7.00%
UniHealth, Inc.	1,526,495	1,000	0.13%	643,959	500	0.13%
	₱875,221,475			₱1,235,744,500		

*Ownership in the preferred shares

Preferred shareholders CARD Bank, Inc. (CBI) and CARD MRI Rizal Bank, Inc. (CMRBI) are entitled to a dividend rate of 6.00% and 8.00% per annum, respectively. Preferred shares in CBI and CMRBI are cumulative, non-voting and non-redeemable.

In 2021, the Association subscribed to additional 186,799 preferred shares to CMRBI, at ₱200 par value with a total amount of ₱37.36 million. No additional shares acquired in 2022.

Dividends received from investment in CBI's preferred shares amounted to ₱113.51 million and ₱90.81 million in 2022 and 2021, respectively (see Note 19). No additional shares acquired in 2022 and 2021.

Dividends received from investment in CMRBI's preferred shares amounted to ₱10.60 million and ₱11.20 million in 2022 and 2021, respectively (see Note 19).

The Association also received cash dividend from CLFC amounting to ₱2.60 million in 2022 and 2021 (Note 19).

In 2021, the Association received its shares from EMSHI from the deposit for stock subscription paid in 2020 amounting to ₱15.00 million (Note 8). Subsequently in the same year, impairment loss was recognized amounting to ₱12.75 million for in the investment in EMSHI (Note 20).

As of December 31, 2022, the percentage of ownership of the Association changes from 66.17% to 66.00% with CBI, from 70.88% to 58.51% with CARD MRI Rizal Bank, Inc. and from 7.00% to 7.20% with EMSHI.

Investments in mutual funds have the following details:

	2022		2021	
	Amount	Units	Amount	Units
Sun Life Peso Balance Fund	₱128,427,181	38,565,563	₱138,488,935	38,565,563
Sun Life Prosperity Bond Fund	—	—	192,930,646	60,643,316
Philam Bond Fund	—	—	98,902,664	22,502,426
	₱128,427,181		₱430,322,245	

The change in reserve for fluctuation in value of the investments in AFS investments amounted to ₱ 378.94 million decrease and ₱125.31 million increase in 2022 and 2021 presented in the statements of comprehensive income.

The rollforward of the reserve for fluctuation in value of AFS financial assets follows:

	2022	2021
At January 1	₱445,742,604	₱320,435,496
Fair value gains (losses) on AFS financial assets		
Unquoted equity shares	(361,023,025)	130,506,054
Mutual funds	(17,608,132)	(6,008,795)
UITF	(304,654)	809,849
At December 31	₱66,806,793	₱445,742,604

10. Accrued Income

This account consists of:

	2022	2021
Interest receivable on:		
Cash and cash equivalents (Note 6)	₱1,162,742	₱10,356
Held-to-maturity investments (Note 7)	196,150,270	160,305,336
Loans and receivables (Note 8)	244,776,326	180,863,984
	₱442,089,248	₱341,179,676

11. Property and Equipment - net

The rollforward analysis of this account follow:

	2022					Total
	Land	Land improvement	Transportation equipment	Computer and office equipment	Office furniture and fixtures	
Cost						
At January 1	\$44,793,012	\$1,287,428	\$239,578	\$26,527,816	\$2,800,948	\$70,438,582
Additions	30,941,100	—	—	11,245,648	833,752	43,020,500
Derecognition	—	—	—	(7,184,216)	(1,107,982)	(8,292,198)
At December 31	75,734,112	1,287,428	239,578	30,589,248	2,526,718	109,437,084
Accumulated depreciation						
At January 1	—	540,992	109,767	16,176,398	2,347,863	19,165,960
Depreciation (Note 20)	—	128,746	18,999	5,297,612	432,409	6,978,665
Derecognition	—	—	—	(7,166,055)	(1,077,672)	(8,243,726)
Re-classification	—	—	—	28,392	(21,042)	7,350
At December 31	—	669,739	128,766	14,336,347	1,681,558	17,826,410
Accumulated impairment loss						
At January 1	—	—	—	—	—	—
Impairment Loss	—	—	—	—	—	—
At December 31	—	—	—	—	—	—
Net book value	\$75,734,112	\$617,689	\$110,812	\$16,252,901	\$845,160	\$103,137,754

	2021					Total
	Land	Land improvement	Transportation equipment	Computer and office equipment	Office furniture and fixtures	
Cost						
At January 1	\$44,793,012	\$1,287,428	\$362,448	\$29,329,695	\$5,045,037	\$80,807,620
Additions	—	—	133,000	7,355,394	241,836	8,730,230
Derecognition	—	—	(255,870)	(10,157,271)	(2,485,925)	(12,599,065)
At December 31	44,793,012	1,287,428	239,578	26,527,816	2,800,948	75,734,112
Accumulated depreciation						
At January 1	—	412,246	362,443	21,793,840	4,372,424	27,943,953
Depreciation (Note 20)	—	128,746	3,194	4,225,289	412,211	5,777,640
Derecognition	—	—	(255,870)	(9,842,731)	(2,446,772)	(12,535,373)
At December 31	—	540,992	109,767	16,176,398	2,347,863	19,165,960
Net book value	\$44,793,012	\$746,436	\$129,811	\$10,331,418	\$453,085	\$66,483,726

Gain on retirement of computer and office equipment, office furniture and fixtures and building amounted to nil in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the cost of fully depreciated property and equipment still in use amounted to ₱8.69 million and ₱12.52 million, respectively.

Depreciation of property and equipment included in the general and administrative expenses amounted to ₱15.43 million and ₱13.86 million in 2022 and 2021, respectively (Note 20).

12. Investment Properties - net

The rollforward analyses of this account follow:

	2022		
	Land	Building	Total
Cost			
At January 1	₱271,423,726	135,491,946	406,915,672
Additions	—	2,768,793	2,768,793
At December 31	271,423,726	138,260,739	409,684,465
Accumulated depreciation			
At January 1	—	79,481,070	79,481,070
Depreciation (Note 20)	—	13,228,560	13,228,560
At December 31	—	92,709,629	92,709,629
Accumulated impairment loss			
At January 1	971,496	—	971,496
Impairment loss	10,340,190	1,119,528	11,459,718
At December 31	11,311,686	1,119,528	12,431,214
Net book value	₱260,112,040	₱44,431,583	₱304,543,623

	2021		
	Land	Building	Total
Cost			
At January 1	₱271,423,726	₱134,337,925	₱405,761,651
Additions	—	1,154,021	1,154,021
At December 31	271,423,726	135,491,946	406,915,672
Accumulated depreciation			
At January 1	—	66,139,257	66,139,257
Depreciation (Note 20)	—	13,341,813	13,341,813
At December 31	—	79,481,070	79,481,070
Impairment loss	971,496	—	971,496
Net book value	₱270,452,230	₱56,010,876	₱326,463,106

The investment properties have a total fair value of ₱405.75 million and ₱411.63 million as of December 31, 2022 and 2021, respectively. The fair value of the properties is based on valuation performed by an independent valuer of CARD MRI Organization and Administration Unit with a recognized and relevant professional qualification and with recent experience in the location and category of the investment properties being valued. The appraised value of investment property is classified under Level 3 of fair value hierarchy. This is determined using sales comparison approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. The properties used as basis for comparison are situated within the subject building and land nearby. Comparison would be premised on the factors such as floor level location, interior finishes, parking slot allocation and facilities offered and the time element.

The Association has determined that the highest and best use of the property is its current use.

As of December 31, 2022 and 2021, no investment has been pledged as collateral or security for any of the Association's liabilities.

The Association earned rental income amounting to ₱18.46 million and ₱17.87 million from its investment properties in 2022 and 2021, respectively (see Note 21).

Depreciation of investment property included in the general and administrative expenses amounted to ₱13.23 million and ₱13.34 million in 2022 and 2021, respectively (see Note 20).

13. Investments in Associates

This account consists of the following:

	2022	2021
Acquisition cost	₱618,474,193	₱573,892,893
Placements during the year	84,856,690	44,581,300
Accumulated equity in net earnings	846,488,234	716,443,522
Accumulated equity in other comprehensive income	(216,004)	2,931,219
	₱1,549,603,113	₱1,337,848,934

The total undistributed accumulated equity in associate's net earnings are included in the Association's unappropriated fund balance.

Details of the Association's investments in associates follow:

	2022		2021	
	Amount	Percentage*	Amount	Percentage*
CPMI	₱1,027,062,846	46.08%	₱919,366,189	46.08%
CMIT	253,237,165	37.20%	206,586,562	37.58%
CMPMI	141,935,181	34.71%	138,902,531	34.68%
Matapat Holdings, Inc.	47,482,348	31.03%	—	—
CMHI	39,658,361	23.15%	37,212,762	23.15%
BotiCARD	26,907,384	30.05%	23,121,326	30.05%
CARD Astro Laboratories, Inc.	10,098,984	32.00%	10,401,804	32.00%
CMPuHI	2,194,877	30.00%	1,615,139	30.00%
CMHTI	1,025,967	20.00%	642,621	20.00%
	₱1,549,603,113		₱1,337,848,934	

*Percentage ownership in the total outstanding number of shares of the Associates.

CARD Pioneer Microinsurance, Inc. (CPMI)

The details of this investment follow:

	2022	2021
Acquisition cost	₱278,982,753	₱278,982,753
Accumulated equity in net earnings		
At January 1	639,624,526	523,160,869
Equity in net earnings	143,916,432	116,463,657
Dividend income	(36,219,775)	—
At December 31	747,321,182	639,624,526

(Forward)

	2022	2021
Accumulated equity in other comprehensive income		
At January 1	₱758,910	₱315,343
Equity in other comprehensive income	–	443,567
At December 31	758,910	758,910
	₱1,027,062,846	₱919,366,189

On July 16, 2013, the Association entered into an agreement with CPMI for the purchase of 2,303,428 shares at ₱100 par value representing 47.00% ownership in CPMI. On September 30, 2013, the consideration paid to CPMI amounted to ₱257.98 million. No goodwill was recognized since the consideration paid is equal to the proportionate ownership in CPMI. In 2014, an amount of ₱0.06 million was added to the investment in CPMI representing adjustments at the time of its acquisition.

In 2016, the Association invested additional ₱27.74 million in CPMI representing contributed surplus in order for CPMI to meet the minimum capitalization requirement by IC. Moreover, the ₱65.47 million equity in net earnings is net of the ₱6.79 million dilution on investment in CPMI resulting from the decrease of the Association's percentage ownership from 47.00% to 46.08% in December 2016. This decrease is the result of the Association's waiver of its pre-emptive right over the remaining unissued authorized capital stock of CPMI.

In 2022, the Association received a cash dividend amounting to ₱36.22 million.

In 2021, the Association received a 575,980 stock dividend from CPMI amounting to ₱57.60 million.

CARD MRI Information Technology, Inc. (CMIT)

The details of this investment follow:

	2022	2021
Acquisition cost		
At January 1	₱145,746,500	₱112,363,700
Placements	33,558,400	33,382,800
At December 31	179,304,900	145,746,500
Accumulated equity in net earnings		
At January 1	60,575,700	32,880,562
Equity in net earnings	70,815,117	61,686,604
Dividends received	(58,202,955)	(33,991,466)
At December 31	73,187,862	60,575,700
Accumulated equity in other comprehensive income		
At January 1	264,362	1,553,405
Equity in other comprehensive income	480,041	(1,289,043)
At December 31	744,403	264,362
	₱253,237,165	₱206,586,562

In 2011, the Association subscribed to 400,000 common shares at ₱100 par value representing 40.00% ownership in CMIT. In 2019, the Association subscribed additional 69,130 common shares at ₱100 par value amounting to ₱6.91 million. In 2020, additional 263,637 common shares at ₱100 par value was subscribed by the Association. Furthermore, CMIT issued new shares in 2020 to other investors, causing a decrease in the Association's percentage of ownership from 40.00% to 37.58%.

In 2022 and 2021, the Association subscribed additional 335,584 common shares and 333,828 common shares at ₱100 par value amounting ₱33.56 million and ₱33.38 million, respectively.

The Association received cash dividend from CMIT amounting to ₱58.20 million and ₱33.99 million in 2022 and 2021, respectively.

CARD MRI Property Management, Inc. (CMPMI)

The details of the investment follow:

	2022	2021
Acquisition cost		
At January 1	₱138,558,100	₱130,495,000
Placements	1,385,500	8,063,100
At December 31	139,943,600	138,558,100
Accumulated equity in net earnings		
At January 1	1,323,526	421,867
Equity in net earnings	2,653,224	901,659
Dividend income	(1,385,581)	—
At December 31	2,591,169	1,323,526
Accumulated equity in other comprehensive loss		
At January 1	(979,095)	(979,095)
Equity in net earnings	379,507	—
	(599,588)	(979,095)
	₱141,935,181	₱138,902,531

In October and November 2016, the Association invested in 146,000 shares of CMPMI with par value of ₱100 representing 40.00% ownership. In 2017, additional placement was made amounting to ₱36.00 million. In 2020, additional 150,000 common shares at ₱100 par value amounting to ₱15.00 million was subscribed by the Association. However, despite the placements made in 2020, the Association's percentage of ownership decreased from 40.00% to 35.00% brought by the additional investments of new investors in CMPMI.

In 2021, the Association acquired additional 80,631 common shares at ₱100 par amounting to ₱8.06 million. The Association's percentage of ownership decreased from 35.00% to 34.68% brought by the additional investments of new investors in CMPMI.

In 2022, the Association received a 13,855 stock dividend amounting to ₱1.38 million and ₱81.00 cash dividend.

Matapat Holdings, Inc. (MHI)

The details of the investment follow:

	2022
Acquisition cost	₱48,240,100
Share in net loss	(757,752)
	₱47,482,348

On September 12, 2022, the Association invested in 4,824,010 shares of MHI with par value of ₱10.00 representing 31.03% ownership.

CARD MRI Holdings, Inc. (CMHI)

The details of the investment follow:

	2022	2021
Acquisition cost	₱31,250,000	₱31,250,000
Accumulated equity in net earnings		
At January 1	4,277,332	527,123
Equity in net earnings	6,452,371	3,750,209
At December 31	10,729,703	4,277,332
Accumulated equity in other comprehensive income		
At January 1	1,685,430	168,631
Equity in other comprehensive income (loss)	(4,006,772)	1,516,799
At December 31	(2,321,342)	1,685,430
	₱39,658,361	₱37,212,762

On February 5, 2016, the Association invested in 78,125 shares of CMHI with par value of ₱100 representing 25.00% ownership. In 2020, additional 234,375 shares with ₱100 par value amounting to ₱23.44 million was subscribed by the Association. In 2021, the Association's percentage ownership decreased from 25.00% to 23.15% brought by the additional investments of new investors in CMPMI.

BotiCARD, Inc.

The details of the investment follow:

	2022	2021
Acquisition cost		
At January 1	₱13,985,480	₱12,900,980
Placements	874,090	1,084,500
At December 31	14,859,570	13,985,480
Accumulated equity in net earnings		
At January 1	7,812,957	6,991,740
Equity in net earnings	2,911,968	1,916,563
Dividends received	—	(1,095,346)
At December 31	10,724,925	7,812,957
Accumulated equity in other comprehensive income	1,322,889	1,322,889
	₱26,907,384	₱23,121,326

In 2011, the Association purchased 780,000 common shares at ₱5 par value of BotiCARD amounting to ₱3.90 million.

In 2012, the Association deposited ₱3.00 million which will be used to subscribe to 600,000 additional common shares of BotiCARD initially recorded as advances for future stock subscription. On May 19, 2015, the SEC already approved BotiCARD's request for increase in authorized capital stock. The ₱3.00 million advances were reclassified from advances for future stock subscription as investment in BotiCARD as of December 31, 2015 together with the additional investment of ₱2.50 million. Additional investment amounting ₱1.95 million was made in 2017.

In 2021, additional 216,900 common shares amounting to ₱1.08 million were acquired by the Association which caused increase in percentage ownership from 30.00% to 30.05%.

The Association received 600,954 shares and 150,238 shares as stock dividend from BotiCARD in 2022 and 2021, respectively.

Moreover, cash dividend amounting to 1.10 million was received by the Association for the year 2021. The Association maintained its 30.05% percentage of ownership with BotiCARD, Inc. from 2021 to 2022.

CARD Astro Laboratories, Inc.

The details of the investment follow:

	2022	2021
Acquisition cost		
At January 1	₱8,801,400	₱6,900,500
Placements	798,600	1,900,900
At December 31	9,600,000	8,801,400
Accumulated equity in net earnings		
At January 1	1,600,404	2,184,724
Equity in net earnings	338,572	1,335,670
Dividend received	(1,439,993)	(1,919,990)
At December 31	498,984	1,600,404
	₱10,098,984	₱10,401,804

On August 6, 2019, the Association invested in 128,000 shares of CARD Astro with par value of ₱50.00 representing 28.00% ownership.

In 2020, additional 10,010 shares with ₱50 par value amounting to ₱0.50 million was subscribed by the Association. Also, a former stockholder of CARD Astro assigned 24,000 shares with ₱50 par value to the Association increasing its percentage of ownership to 32.00%.

In 2022 and 2021, the Association acquired additional 15,972 shares and 38,018 shares with ₱50 par value amounting to ₱0.80 million and ₱1.90 million, respectively.

CARD MRI Publishing House, Inc. (CMPuHI)

The details of the investment follow:

	2022	2021
Acquisition cost		
At January 1	₱749,960	₱599,960
Placements	–	150,000
At December 31	749,960	749,960
Accumulated equity in net income		
At January 1	986,526	379,522
Equity in net earnings	579,738	607,004
At December 31	1,566,264	986,526
Accumulated equity in other comprehensive income	(121,347)	(121,347)
	₱2,194,877	₱1,615,139

On September 12, 2017, the Association invested in 30,000 shares of CMPuHI with par value of ₱5.00 representing 30.00% ownership.

In 2020, additional 89,992 shares with ₱5 par value amounting to ₱0.45 million was subscribed by the Association.

In 2021, the Association acquired additional 30,000 shares with ₱5 par value amounting to ₱0.15 million.

The Association maintained its 30% percentage of ownership with CMPuHI from 2017 to 2022.

CARD MRI Hijos Tours, Inc. (CMHTI)

The details of the investment follow:

	2022	2021
Acquisition cost	₱400,000	₱400,000
Accumulated equity in net earnings		
At January 1	242,551	(153,455)
Equity in net earnings	383,346	396,006
At December 31	625,897	242,551
Equity in other comprehensive income	70	70
	₱1,025,967	₱642,621

On September 12, 2017, the Association invested in 20,000 shares of CMHTI with par value of ₱5.00 representing 20.00% ownership. In 2019, the Association subscribed additional 60,000 shares with par value of ₱5.00 amounting to ₱0.30 million.

Financial information of the Association's associates follows:

CPMI	2022	2021
Net income	₱312,318,645	₱252,753,285
Other comprehensive income	–	962,602
Total assets	₱3,115,064,965	₱2,688,590,829
Total liabilities	855,910,344	663,984,246
Net assets	2,259,154,621	2,024,606,583
Association's share in net assets	₱1,041,018,449	₱919,366,189

CMIT	2022	2021
Net income	₱188,438,309	₱164,147,428
Other comprehensive income (loss)	1,277,385	(3,430,131)
Total assets	₱761,417,704	₱615,413,528
Total liabilities	70,694,151	62,756,398
Net assets	690,723,553	552,657,130
Association's share in net assets	₱259,573,911	₱206,586,562

CMPMI	2022	2021
Net income	₱7,643,975	₱2,599,939
Other comprehensive income	1,093,365	–

(Forward)

CMPMI	2022	2021
Total assets	₱430,767,415	₱426,266,136
Total liabilities	10,878,187	44,245,547
Net assets	419,889,228	382,020,589
Association's share in net assets	₱145,743,551	₱138,902,531

MHI	2022
Net loss	(₱2,441,999)
Total assets	₱125,046,575
Total liabilities	160,825
Net assets	124,885,750
Association's share in net assets	₱38,752,048

CMHI	2022	2021
Net income	₱27,872,013	16,199,606
Other comprehensive income (loss)	(17,307,869)	6,552,047
Total assets	₱158,876,309	₱126,279,984
Total liabilities	136,136	125,662
Net assets	158,740,173	126,154,322
Association's share in net assets	₱36,748,350	₱37,212,762

BotiCARD	2022	2021
Net income	₱14,049,931	₱6,377,912
Total assets	₱79,257,064	₱67,968,464
Total liabilities	3,676,909	4,780,524
Net assets	75,580,155	63,187,940
Association's share in net assets	₱22,711,837	₱23,121,326

CARD Astro	2022	2021
Net income	₱1,058,039	₱4,173,969
Total assets	₱30,449,133	₱30,823,120
Total liabilities	987,797	558,722
Net assets	29,461,336	30,264,398
Association's share in net assets	₱9,427,628	₱10,401,804

CMPuHI	2022	2021
Net income	₱1,932,461	₱2,023,345
Total assets	8,393,969	₱6,164,279
Total liabilities	497,797	1,250,568
Net assets	7,896,172	4,913,711
Association's share in net assets	₱2,368,852	₱1,615,139

CMHTI	2022	2021
Net income	₱1,916,731	₱1,980,031
Total assets	₱5,601,344	₱3,419,210
Total liabilities	490,271	224,868
Net assets	5,111,073	3,194,342
Association's share in net assets	₱1,022,215	₱642,621

14. Other Assets

This account consists of:

	2022	2021
Supplies inventory	₱9,244,786	₱8,108,594
Prepaid expenses	7,211,317	3,575,210
Prepaid rent	3,598,417	2,790,183
Other funds and deposits	2,920,084	2,900,261
Prepaid taxes	1,091,874	294,397
Deferred reinsurance premiums (Note 18)	547,764	2,149,565
	₱24,614,2	₱19,818,210

Supplies inventory includes office items that are being used in the operations of the Association.

Prepaid rent pertains to the payment made in advance and security deposits paid to the owners of the spaces being leased by the Association.

Funds and deposits pertain to mutual guaranty fund paid to Microinsurance Association of the Philippines (MiMAP). This fund represents a claim reserve fund held and being managed by MiMAP that will be subsequently used to satisfy the claims of the Association's members that cannot be met by the net assets of the members in case of insolvency.

Prepaid taxes of the Association pertain to the excess creditable withholding taxes over the income tax due from rental income and interest income from loans to related parties.

Deferred reinsurance premiums are advance payments made by the Association to National Reinsurance Corporation of the Philippines (NatRe) for the ceded insurance premiums.

15. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Accrued expenses	₱6,421,254	₱10,356,238
Collection fee payable (Note 22)	1,233,855	5,120,184
Accounts payable		
Suppliers and contractors	9,837,075	2,331,085
Related parties (Note 22)	171,986	1,598,445

(Forward)

	2022	2021
Staff, members and employees	₱3,121,345	₱4,349,133
Rent deposits	4,891,874	4,805,569
Due to government agencies	3,022,074	2,196,911
Others	70,853	280,977
	₱28,770,316	₱31,037,853

Accrued expenses pertain to accruals for employee benefits, professional fees, utilities and supplies. These are non-interest bearing and are generally settled upon receipt of actual billings.

Collection fee payable pertains to the Association's payable to its collecting institutions (see Note 22) regarding the amount of claims and expenses paid in excess of the premiums collected. These are non-interest-bearing and are generally (one) 1 to 30 day payment terms.

Accounts payable to suppliers and contractors consist mainly of unpaid purchases of supplies and outstanding obligations for ongoing building constructions. These are settled within one year after the reporting date.

Accounts payable to related parties pertains balances of unpaid claims, purchases of products, and expenses incurred for medicines as well as administration and training cost of staff and coordinators.

Accounts payable to staff, members and employees include amounts accrued for expenses related to other employee benefits and refund of resigned member or staff. These are settled within one year after reporting date.

Rent deposits represent the amounts received from the Association's lessees as security deposit. These amounts are returnable to the lessees upon expiration of the lease agreement subject to the lessor's conditions.

Due to government agencies pertains to withholding taxes payable, SSS loan and contribution payable, PAG-IBIG loan and contribution payable and Medicare contribution payable which are subsequently remitted within one month after the reporting date based on the requirements of government agencies.

Other payables include unpaid balances for the services availed by the Association such as legal, actuarial valuation, and driving services. These are non-interest bearing and are generally settled within thirty (30) days.

16. Insurance Contract Liabilities

This account consists of:

	2022	2021
Life insurance contract liabilities	₱14,042,796,740	₱12,202,208,301
Loan redemption contract liabilities	297,819,869	302,146,463
	₱14,340,616,609	₱12,504,354,764

a) *Life insurance contract liabilities*

Details of the life insurance contract liabilities follow:

	2022	2021
Provision for unearned premiums	₱13,893,284,015	₱12,079,419,146
Outstanding claims provision	149,512,725	122,789,155
Total life insurance contract liabilities	₱14,042,796,740	₱12,202,208,301

This account represents reserves for life insurance which is computed in compliance with the statutory requirements as set by the IC which is equal to 50% of gross contributions to Basic Life Insurance for the year.

The rollforward analysis of provision for unearned premiums follows:

	2022	2021
At January 1	₱12,079,419,146	₱10,355,809,299
Premiums received	4,884,306,665	4,353,212,520
Liability released for payments of death, maturity and surrender benefits and claims	(3,070,441,796)	(2,629,602,673)
At December 31	₱13,893,284,015	₱12,079,419,146

The rollforward analysis of outstanding claims provision follows:

	2022	2021
At January 1	₱122,789,155	₱130,274,830
Claims incurred in the current year	2,463,269,043	2,519,739,399
Claims paid during the year	(2,436,545,473)	(2,527,225,074)
At December 31	₱149,512,725	₱122,789,155

b) *Loan redemption contract liabilities*

Details of the loan redemption contract liabilities follow:

	2022	2021
Provision for unearned premiums	₱289,383,431	₱290,758,549
Provision for claims incurred but not reported (IBNR)	8,436,438	11,387,914
Total loan redemption contract liabilities	₱297,819,869	₱302,146,463

The rollforward analysis of provision for unearned premiums follows:

	2022	2021
At January 1	₱290,758,549	₱269,107,244
Premiums received	885,434,275	731,165,923
Earned premiums	(886,809,393)	(709,514,618)
At December 31	₱289,383,431	₱290,758,549

This account represents reserves for loan redemption insurance computed using the unearned net premium reserves method.

The rollforward analysis of provision for claims IBNR follows:

	2022	2021
At January 1	₱11,387,914	₱14,175,785
Decrease in IBNR	(2,951,476)	(2,787,871)
At December 31	₱8,436,438	₱11,387,914

The rollforward analysis of outstanding claims provision follows:

	2022	2021
At January 1	₱–	₱–
Claims incurred in the current year	235,148,094	284,548,689
Claims paid during the year	(235,148,094)	(284,548,689)
At December 31	₱–	₱–

The loan redemption insurance covers the outstanding loan balance of members from CARD, Inc., CARD SME Bank, Inc., CARD Bank, Inc., CARD MRI Rizal Rural Bank, Inc., CARD Leasing and Finance Corporation, CARD Employees' Multi-purpose Cooperative and all BOAT partners in case of death of a member-borrower.

17. Retirement Fund

The retirement fund or provident fund represents contributions of members of the Association to the Retirement fund, net of administrative expenses. The retirement fund is being administered by the Association and is intended for the retirement of its members. The contributions are invested and the interests thereon are credited to the retirement fund. It can be availed of at the age of 65 if the member has completed a minimum of five (5) consecutive years of membership in the Association. The benefit shall be equal to all the contributions made by the member to the retirement fund plus interest earned. If a member decides to resign prior to age of 65, the member shall be entitled to refund of 100.00% of the member's total contributions plus interest based on prevailing interest rates for regular savings of commercial banks.

The rollforward analysis of retirement fund follows:

	2022	2021
At January 1	₱8,362,624,691	₱7,108,784,001
Contribution	1,333,709,781	1,255,522,978
Interest income	467,517,653	302,795,022
Claims and expenses	(376,287,273)	(304,477,310)
At December 31	₱9,787,564,851	₱8,362,624,691

The allocation of interest for retirement fund is equivalent to 4.87% in 2022 and 2.57% in 2021, of the beginning balance of the account plus contribution from members during the year.

Included in miscellaneous expense and 'Other income' are adjustments on interest income previously allocated to retirement fund amounting to ₱132.15 million and ₱31.63 million in 2022 and 2021, respectively.

18. Net Earned Premiums

The net earned premiums consist of the following:

	2022	2021
Members' contribution and premiums – micro		
Life insurance premiums	₱4,021,108,090	₱3,786,845,214
Loan insurance premiums	1,748,632,850	1,297,533,228
Total members' contribution and premiums – micro	5,769,740,940	5,084,378,442
Less: Reinsurer's share on gross earned premium on insurance contracts -		
Life insurance	1,947,114	2,402,750
LRF	251,031	212,250
Members' contribution and premiums – micro – net	₱5,767,542,795	₱5,081,763,442

Under the Association's basic life insurance program, members and its qualified dependents are entitled to receive a minimum amount of benefit upon death or permanent disability duly approved by the Association after meeting certain conditions as stated in the certificate of membership issued to members. The member's contribution is ₱15.00 every week.

Under the basic life insurance program is the golden life insurance program wherein members aging 70 years old are entitled to enroll in the program and have continued coverage up to 100 years old. The member has the option to choose between ₱50.00 or ₱100.00 premium every week with death benefit of ₱25,000 or ₱50,000, respectively. Premiums are payable for ten (10) years.

Under the basic life insurance program extension program, members retiring from the Basic Life Insurance Program shall pay a single premium amounting to ₱1,000.00 per year, 50% of which is Member's Equity Value refundable to the member upon termination of the policy.

Katuparan program provides protection ensuring that the member's target savings will be met after a loss. Under this plan, the member may choose between five (5) options with varying Target Savings Amount and term to meet the said target. The face amount ranges from ₱10,000.00 up to ₱100,000.00 with term of at least two (2) years up to a maximum of five (5) years.

Remitter Protek Plan is a group personal accident insurance cover that provides benefits for death, dismemberment/disablement and daily hospitalization caused by an accident. This insured member elected in a Center meeting who is tasked to remit the collection of the Center to the Unit Offices, Bank Lite Unit (BLU) or Branches of CARD MRI Microfinancing Institutions and other organizations recognized by and affiliated with CARD MBA. The corresponding premium for this plan is ₱200.00 per center per year.

Family Security Plan is a Group Yearly Renewable Term Plan which may be availed voluntarily by eligible member to supplement the coverage he/she and his/her dependent/s currently enjoy under the mandatory Basic Life Insurance Plan (BLIP). In case of death or total and permanent disability of the insured/s (i.e. member and/or the member's qualified dependent/s), the designated beneficiaries shall be indemnified in accordance with the following table of benefits of Family Security Plan. The member may avail the plan thru loan or cash payment. The corresponding premium for this plan is ₱1,000 per year.

The loan redemption insurance covers the outstanding principal loan balance of members to CARD Micro-finance institutions namely: CARD Inc., CARD Bank, Inc., CARD SME Bank Inc. and CARD MRI Rizal Rural Bank, Inc. in case of death. Under this program, the member contributes 1.50% per annum of his/her principal loan to be recognized by the Association as gross premiums.

In April 2014, the Association entered into a reinsurance agreement with National Reinsurance Corporation of the Philippines (PHILNARE) in response to the increased risk brought by severe calamities hitting the country (Note 14).

Reinsurance will limit the possible loss that the Association would experience in case of disaster.

The rollforward of the deferred reinsurance premiums follows:

	2022	2021
At January 1	₱2,149,565	₱600,500
Premiums ceded to reinsurer	596,345	4,164,065
Reinsurer's share of gross earned premiums on insurance contracts	(2,198,144)	(2,615,000)
At December 31	₱547,765	₱2,149,565

Deferred reinsurance premiums pertain to the unamortized portion of the premiums ceded to NatRe (see Note 14).

19. Investment Income

This account consists of

	2022	2021
Interest income on:		
Cash and cash equivalents (Note 6)	₱4,540,819	₱8,764,254
HTM investments (Note 7)	566,737,711	422,746,461
Loans and receivable (Note 8)	1,722,985	1,724,536
Short-term investments (Note 8)	12,283,479	9,817,581
Long-term investments (Note 8)	61,196,229	65,317,318
Dividend income (Note 9)	127,615,587	104,606,040
	₱774,096,810	₱612,976,190

20. General and Administrative Expenses

This account consists of:

	2022	2021
Transportation and travel	₱250,418,642	₱220,294,864
Salaries and allowances	152,411,742	134,909,061
Professional fees	73,586,597	62,859,242
Other members' benefit	69,656,027	40,934,000

(Forward)

	2022	2021
Marketing expense	₱42,524,355	₱26,099,259
Depreciation (Notes 11, 12 and 21)	39,393,879	36,496,902
Supplies	29,730,715	28,421,067
Program, monitoring and evaluation	25,166,478	24,082,737
Rental (Note 21)	20,308,188	21,969,767
Security and janitorial	18,765,899	17,919,504
Communication	16,782,946	15,053,313
Impairment loss (Notes 9 and 12)	11,570,440	12,752,193
Interest expense (Note 21)	9,787,721	8,992,800
Light and water	7,658,116	5,794,809
Repairs and maintenance	7,008,265	6,689,898
Light and water	7,658,116	5,794,809
Insurance	6,591,869	2,673,049
Training and development	5,138,659	5,376,341
Taxes and licenses	2,610,764	5,046,776
Meetings and seminars	5,902,746	3,545,598
Pension expense – net (Note 25)	2,497,296	2,018,622
Bank charges	2,455,906	2,807,600
Entertainment, amusement and recreation	1,501,584	874,210
Membership dues	1,103,103	1,129,307
Provision or reversal of probable losses (Note 8)	823,491	(398,261)
Dues and subscription	245,305	1,412,482
Research and documentation	58,729	90,259
Miscellaneous	133,924,927	2,036,052
	₱937,624,389	₱689,881,451

21. Leases

The Association as a Lessee

Short-term and low-value leases

The Association leases vehicles, IT equipment and office spaces. The lease contracts are for the periods ranging from six (6) months to two (2) years and are renewable upon mutual agreement between the Association and the lessors such as CARD Leasing and Finance Corporation and other third-party lessors.

Rent expense amounted to ₱20.31 million and ₱21.97 million in 2022 and 2021, respectively. Rent expense in 2022 and 2021 pertains to expenses from short-term leases and leases of low-value assets.

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

Long-term leases

The Association leases vehicles, IT equipment and office spaces. The lease contracts are for the periods ranging from one (1) year and six (6) months to five (5) years and are renewable upon mutual agreement between the Company and the lessors such as CARD Bank, Inc., CARD Leasing and Finance Corporation, and CARD SME Bank, Inc. and third-party lessors.

The movements in the right-of-use asset follows:

	2022	2021
Cost		
At January 1	₱17,907,194	₱14,556,357
Additions	11,851,879	13,926,717
Terminated lease	(8,869,423)	(10,575,880)
At December 31	20,889,650	17,907,194
Accumulated Depreciation		
At January 1	6,842,718	7,764,015
Depreciation	10,732,934	9,294,415
Terminated lease	(8,336,724)	(10,215,712)
At December 31	9,238,927	6,842,718
Net Book Value	₱11,650,723	₱11,064,476

The movements in lease liabilities follows:

	2022	2021
Balance at beginning of year	₱11,122,585	₱6,355,577
Additions	11,619,176	13,759,035
Interest expense	558,991	1,036,738
Payments	(11,081,341)	(10,028,765)
Derecognition	(529,695)	–
Balance at end of year	₱11,689,715	₱11,122,585

The following are the amounts recognized in statement of income:

	2022	2021
Lease payments relating to short-term leases and leases with low value assets	₱20,308,188	₱21,969,767
Depreciation expense of ROU assets	10,732,934	9,294,415
Interest expense on lease liabilities	558,991	1,036,738
Total amount recognized in statement of income	₱31,600,113	₱32,300,920

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within one year	₱5,775,904	₱7,384,028
Beyond one to two years	896,874	4,180,800
	₱6,672,778	₱11,564,828

The Association as a Lessor

The Association entered into operating lease agreements with its related parties with terms ranging from three (3) to five (5) years. Rent income included in the statements of comprehensive income under “rental income” account in 2022 and 2021 amounted to ₱18.46 million and ₱17.87 million, respectively.

As of December 31, the amount of future minimum rentals receivable based on the remaining term of the existing lease contracts are as follow:

	2022	2021
Within (one)1 year	₱19,324,708	₱17,059,043
More than (one) 1 year but not more than (five) 5 years	37,140,239	44,094,500
	₱56,464,947	61,153,543

22. Related Party Transactions

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

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

2022					
Category	Amount	Outstanding	Nature	Terms	Conditions
Associates					
CMIT					
Account receivable	₱2,386,907	P-	Unremitted Collection of members (staff contribution), share on electricity and other expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	-	-	Unpaid expenses	On-demand; noninterest-bearing	Unsecured; no impairment
BoTICARD					
Account receivable	732,434	-	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	40,181	-	Unpaid medicines and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental Income (Note 21)	458,659	-	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
CPMI					
Account receivable	5,140,627	32,740	Advance payment for claims to members who avail CPMI products and other related expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	1,507,645	128,913	Unpaid Premiums uncollected from CPMI products	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	188,488	-	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
Affiliates					
MNLI					
Accounts receivable	9,843	-	Uncollected insurance premiums of employees	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	42,501	41,440	Unpaid expenses incurred in MNLI Product	On-demand; noninterest-bearing	Unsecured; no impairment

(Forward)

2022

Category	Amount	Outstanding	Nature	Terms	Conditions
CaMIA					
Account receivable	₱4,796,735	₱1,800	Advance payment of claims to members who avail CaMIA products and other related expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	437,676	81,134	Unpaid Premiums uncollected from CaMIA products	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	499,077	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
CMDI					
Account receivable	120,000	—	Unremitted Collection of Staff contribution & others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	6,600	—	Unpaid expenses for administration and training cost of staff & coordinators	On-demand; noninterest-bearing	Unsecured; no impairment
CARD Inc.					
Account receivable	295,489,176	408,155	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	492,821,519	468,924	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Loan receivable	(94,810,244)	—	Loan granted to CARD Inc. on October 8, 2021	3-year term; interest at 5.11%	Unsecured; no impairment
Rental income (Note 21)	604,400	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
CARD SME Bank, Inc.					
Cash and cash equivalents	—	17,126,845	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	30,518,367	3,943	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	131,381,432	3,335	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	5,451,998	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
BDSFI					
Account receivable	14,660	—	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	862	—	Unpaid other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
CARD EMPC					
Account receivable	205,195	—	Unremitted Collection of members (Staff contribution) and others expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	3,711,366	—	Unpaid claims & expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment

(Forward)

2022					
Category	Amount	Outstanding	Nature	Terms	Conditions
Rizal Bank Inc.					
Cash and cash equivalents	P=	P12,058,680	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	31,815,501	5,729	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	46,259,321	215,566	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	2,140,530	–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
CLFC					
Account receivable	152,715	–	Unremitted Collection of members (Staff contribution) and others expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	4,683,046	1,633	Unpaid expenses incurred in leasing	On-demand; noninterest-bearing	Unsecured; no impairment
CARD Bank Inc.					
Cash and cash equivalents	–	81,890,043	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	89,834,685	7,732,674	Unremitted Collection of staff contributions, rental for year end and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	318,973,597	464,896	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	9,117,453	–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
CMPMI					
Loans receivable	(3,000,000)	4,500,000	Loan granted to CMPH on May 16, 2019	3-year term; interest at 5.11%	Unsecured; no impairment
Accounts receivable	71,134	–	Unremitted Collection of staff contributions, rental for year end and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
2021					
Category	Amount	Outstanding	Nature	Terms	Conditions
Associates					
CMIT					
Account receivable	P2,210,862	P=	Unremitted Collection of members (staff contribution), share on electricity and other expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	1,862,141	–	Unpaid expenses	On-demand; noninterest-bearing	Unsecured; no impairment
(Forward)					
Rental income (Note 21)		P=	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
BoTICARD					
Account receivable	(P701,219)	–	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	(451,450)	–	Unpaid medicines and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental Income (Note 21)	448,390	–	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
(Forward)					

2021					
Category	Amount	Outstanding	Nature	Terms	Conditions
<i>CPMI</i>					
Account receivable	₱300,836	₱746,034	Advance payment for claims to members who avail CPMI products and other related expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	579,792	940,508	Unpaid Premiums uncollected from CPMI products	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	188,096	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
Affiliates					
<i>MNLI</i>					
Accounts receivable	16,745	—	Uncollected insurance premiums of employees	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	6,177	7,977	Unpaid expenses incurred in MNLI Product	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CaMIA</i>					
Account receivable	288,151	370,093	Advance payment of claims to members who avail CaMIA products and other related expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	(4,150)	—	Unpaid Premiums uncollected from CaMIA products	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	499,077	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CMDI</i>					
Account receivable	114,260	—	Unremitted Collection of Staff contribution & others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	(5,400)	—	Unpaid expenses for administration and training cost of staff & coordinators	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CARD Inc.</i>					
Account receivable	251,587	918,405	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	(15,257,846)	4,877,428	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Loan receivable	100,000,000	94,810,243	Loan granted to CARD Inc. on October 8, 2021	3-year term; interest at 5.11%	Unsecured; no impairment
Rental income (Note 21)	448,343	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CARD SME Bank, Inc.</i>					
Cash and cash equivalents	—	26,953,254	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	(42,283)	28,652	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	(8,478,616)	68,288	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	5,325,430	—	Income received from office space rentals	On-demand; noninterest-bearing	Unsecured; no impairment

(Forward)

Category	2021				
	Amount	Outstanding	Nature	Terms	Conditions
<i>BDSFI</i>					
Account receivable	₱19,363	₱–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CARD EMPC</i>					
Account receivable	(96,496)	1,295,618	Unremitted Collection of members (Staff contribution) and others expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	(1,564,593)	399,990	Unpaid claims & expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
<i>Rizal Bank Inc.</i>					
Cash and cash equivalents	–	22,293,474	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	(215,429)	16,642	Unremitted Collection of members (Staff contribution) and others expense incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	-(2,816,205)	113,146	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	2,087,113	–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CLFC</i>					
Account receivable	188	188,737	Unremitted Collection of members (Staff contribution) and others expenses	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable	(324,583)	249,970	Unpaid expenses incurred in leasing	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	30,000	–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CARD Bank Inc.</i>					
Cash and cash equivalents	–	40,246,799	Regular savings deposit	On-demand; interest at 0.50%	Unsecured; no impairment
Account receivable	(712,237)	179,539	Unremitted Collection of staff contributions, rental for year end and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Collection fee payable	(5,075,523)	61,215	Unpaid claims and expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Rental income (Note 21)	8,846,292	–	Unremitted Collection of Staff contribution	On-demand; noninterest-bearing	Unsecured; no impairment
<i>CMPMI</i>					
Loans receivable	(3,000,000)	7,500,000	Loan granted to CMPH on May 16, 2019	3-year term; interest at 5.11%	Unsecured; no impairment
Accounts receivable	951	–	Unremitted Collection of staff contributions, rental for year end and other expenses incurred	On-demand; noninterest-bearing	Unsecured; no impairment
Accounts payable		11,452	Unpaid expenses	On-demand; noninterest-bearing	Unsecured; no impairment

In 2022 and 2021, short-term employee benefit compensation to the Association's key management personnel amounted to ₱2.55 million and ₱1.17 million, respectively. Post-employment benefits compensation to key management personnel amounted to ₱4.07 million and ₱2.14 million in 2022 and 2021, respectively.

23. Income Tax

Income taxes include income tax on its income not incidental to its operations (e.g., rent income) and final withholding tax on interest income on cash in banks, short-term and long-term investments and held-to-maturity investments.

Tax regulations provide that RCIT rate shall be 25.00% and 30.00% in 2021 and 2020, respectively. It further states that nondeductible interest expense shall likewise be reduced to 20.00% and 33.00% of interest income subjected to final tax in 2021 and 2020, respectively.

An optional standard deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. For the 2021 and 2020 RCIT computation, the Bank elected to claim itemized expense deductions instead of the OSD.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Association's net revenue.

Relevant Tax Updates

RA No. 10963, *The Tax Reform for Acceleration and Inclusion (TRAIN)*, is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2017 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which is still subject to the existing rate of 7.50%, tax on interest income of foreign currency deposit was increased to 15.00% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

TRAIN Law

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Except for resident foreign corporations, which is still subject to the existing rate of 7.50%, tax on interest income of foreign currency deposit was increased to 15.00% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

CREATE Bill

In November 2020, the Philippine Senate approved Senate Bill (SB) No. 1357 and forwarded the same to the House of Representative in December 2021. SB No. 1357 also known as the Corporate Recovery and Tax Incentive Act (CREATE Bill) which reduces the corporate income tax from 30.00% to 25.00% effective July 2021 except for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000 (excluding land on which the particular business entity's office, plant, and equipment are situated) which will be taxed at 20.00%. The bill also provides that effective July 1, 2020 to June 30, 2023, the MCIT will be lowered to 1.00% from 2.00%.

As of December 31, 2020, the Association did not consider the provisions of the bill yet in the income tax computation as reported in the financial statement given that the law was only signed by the President of the Philippines on March 26, 2021 and it was considered as a non-adjusting subsequent event. However, the Association reflected the lower provision in its 2020 annual income tax return. For financial reporting purposes, The Association started to use the new tax rate for the income tax computation in the first quarter of 2021. This resulted to a lower provision for current income tax for the year ended December 31, 2021 by ₱83,337.

The provision for income tax consists of:

	2022	2021
Current tax	₱2,073,651	₱1,562,788
Final tax	114,390,362	89,608,282
	₱116,464,013	₱91,171,070

The reconciliation of the income tax expense computed based on the excess of revenue over expenses before tax at the statutory income tax rate to the provision for income tax in the statements of comprehensive income follows:

	2022	2021
Statutory income tax	₱343,261,149	₱172,352,938
Add (deduct) the tax effect of:		
Gross premiums on insurance contracts	(1,441,885,699)	(1,270,440,861)
Gross change in insurance contract liabilities	453,122,438	436,315,288
Gross insurance contract benefits and claims Paid	667,923,392	702,943,441
General and administrative expenses	230,916,404	172,470,363
Equity in net earnings of associates	(57,150,763)	(46,764,343)
Dividend income	(31,903,897)	(26,151,510)
Interest income subjected to final tax	(29,178,100)	(44,132,830)
Interest income not subjected to final tax	(15,299,057)	(16,329,330)
Rental income	(4,615,151)	(4,468,185)
Other expense (income)	1,273,297	15,459,436
CREATE Law Adjustment	—	(83,337)
Provision for income tax	₱116,464,013	₱91,171,070

24. Notes to Statement of Cash Flows

The Association's principal noncash investing activity in 2022 and 2021 pertains to additions to ROU assets amounting to ₱11.85 million and ₱13.93 million, respectively.

The table below summarizes the changes in lease liabilities, including both changes arising from cash flows and non-cash changes.

	At January 1	Additions	Settlements	*Other Adjustments	At December 31
2022	₱11,122,585	₱11,619,176	(₱11,081,341)	₱29,295	₱11,689,715
2021	6,355,577	13,759,035	(10,028,765)	1,036,738	₱11,122,585

*pertains to interest expense

25. Employee Benefits

The Association, CARD Bank, Inc., CARD Inc., CARD SME Bank, Inc., CAMIA, CARD BDSFI, CMIT, BotiCARD, CMDI, MLNI, RBI, CLFC, RISE, EMPC and CARD Masikhay 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 Parent Company 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 120.00% 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 100.00% of the member's employer accumulated value (the Parent Company's contributions of 8% plan salary to Fund A plus credited earnings) and 100.00% of the member's employee accumulated value (member's own contributions up to 10.00% of plan salary to Fund B plus credited earnings), if any. Provided that in no case shall 100.00% of the employer accumulated value in Fund A be less than 100.00% of plan salary for every year of credited service.

The latest actuarial valuation report covers reporting period as of December 31, 2022.

The principal actuarial assumptions used in determining retirement liability for the Association's retirement plan are shown below:

	2022	2021
Discount rate at beginning of year	7.28%	5.14%
Discount rate at end of year	5.14%	3.96%
Salary increase rate at beginning and end of year	5.00%	5.00%
Average remaining working lives at beginning of year	30.00 years	30.20 years
Average remaining working lives at end of year	30.20 years	30.90 years

The fair value of net plan assets by each class is as follows:

	2022	2021
Investment in bonds	₱86,077,630	₱54,863,537
Cash and cash equivalents	19,103,756	46,056,882
Loans receivable	9,779,165	9,564,095
Others	1,596,836	2,566,252
	₱116,557,387	₱113,050,766

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2022, assuming if all other assumptions were held constant:

		Effect on defined pension plan	
	Increase (decrease)	2022	2021
Discount rate	+100 basis points	(₱4,645,630)	(₱6,148,090)
	-100 basis points	5,485,481	7,413,908
Future salary increase	+100 basis points	5,557,615	7,347,837
	-100 basis points	(4,780,305)	(6,209,481)

The Association expects to contribute ₱10.66 million to the defined pension plan in 2023.

As of December 31, 2022 and 2021, the maturity profiles of undiscounted benefit payments of the Association follow:

	2022	2021
Less than one year	₱3,865,248	₱3,052,391
More than one year to five years	17,631,925	14,577,876
More than five years	35,449,498	31,398,979
	₱56,946,671	₱49,029,246

The average duration of the defined benefit obligation at the end of the reporting period is 10.30 years.

26. Management of Insurance and Financial Risks

Governance Framework

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

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

Regulatory Framework

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

The operations of the Association are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., margin of solvency to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise, minimum guaranty fund, risk-based capital requirements).

Guaranty fund

As a mutual benefit association, IC requires the Association to possess a guaranty fund of ₱5.00 million. This minimum amount shall be maintained at all times and it must be increased by an amount equivalent to 5.00% of the Association's gross premium collections until the guaranty fund reaches 12.50% of the minimum paid up capital for domestic life insurance companies or ₱162,50 million. As of December 31, 2022 and 2021, the Association has a total of ₱179.38 million and ₱222.69 million, respectively, representing guaranty fund which is deposited with the IC.

Risk-based capital requirements (RBC)

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

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

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

	2022	2021
Member's equity	7,108,139,681	₱5,738,198,874
RBC requirement	1,511,837,256	1,135,002,763
RBC ratio	470.17%	505.57%

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

Standard chart of accounts

IC has released Circular No. 2014-41 containing the standard chart of accounts for all new and existing mutual benefit associations doing business in the Philippines. This circular is in line with the requirements of SRC Rule 68, Section 189 of the Amended Insurance Code, and the current accounting standards in the Philippines. This circular is effective immediately and should be used in the annual statement filed with IC starting calendar year 2014. In year 2021, IC released Circular Letter No. 2021-14 which prescribes amendments to the standard chart of accounts to be used by mutual benefit associations.

Valuation of reserves

IC has released Circular No. 2016-66 on the Valuation Standards for Life Insurance Policy Reserves which provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV). Whereas, the methods and assumptions shall be in accordance with the internationally accepted actuarial standards and consider the generally accepted actuarial principles concerning financial reporting framework promulgated by the Actuarial Society of the Philippines (ASP) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. This valuation method is applicable to the Association's golden life insurance product and BLIP Extension Plan. However, in 2018 per advisory no. 6-2018 as released by IC, the Association shift back to NPV as the implementation of GPV for mutual benefit associations (MBAs) is meantime deferred as there appears a pressing need to issue a new Financial Reporting Framework for MBAs which shall be implemented simultaneously to avoid asset-liability mismatch. As a result of Advisory No. 6-2018, the Association retrospectively changed its insurance remeasurement policy from GPV to NPV.

The main risks arising from the Association's financial instruments follow:

Insurance Risk

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

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy and guidelines, as well as the use of reinsurance arrangements for the loan redemption fund. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contract. Although the Association has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus, a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Association's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Association substantially dependent upon any single reinsurance contract.

Underwriting risk

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

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

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

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

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

Mortality and morbidity rates

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

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

Investment return

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

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

Expenses

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

Lapse and surrender rates

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

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

Discount rate

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

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

Sensitivities

The analysis below is performed for a reasonable possible movement in key assumptions with all other assumptions held constant, on the statement of revenue and expenses. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities. It should also be stressed that these assumptions are nonlinear and larger or smaller impacts cannot easily be gleaned from these results. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees.

2022

	Increase of 1.00% on discount rate and decrease of 25.00% on mortality rate	Increase of 1.00% on discount rate and increase of 25.00% on mortality rate
Increase (decrease) on liabilities	(P26,564,973)	P18,214,703
Increase (decrease) on revenue	26,564,973	(18,214,703)

2021

	Increase of 1.00% on discount rate and decrease of 25.00% on mortality rate	Increase of 1.00% on discount rate and increase of 25.00% on mortality rate
Increase (decrease) on liabilities	(P18,291,342)	P12,735,442
Increase (decrease) on revenue	18,291,342	(12,735,442)

The sensitivity analyses consider upward movements in the discount rates and upward and downward movements in mortality and morbidity rates. These do not necessarily represent management's view of expected future rate changes.

Fair value hierarchy

The Association uses the following hierarchy for determining and disclosing the fair value of its financial instruments and other non-financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial instruments

The Association's principal financial instruments are cash and cash equivalents, loans and receivables, AFS financial assets, HTM investments, accounts payable and accrued expenses. The main purpose of these financial instruments is to finance their operations.

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as of December 31, 2022 and 2021:

	Carrying Value	2022			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	P532,636,744	P532,636,744	P-	P-	P532,636,744
HTM investments	24,639,642,153	24,639,642,153	-	-	24,639,642,153
Loans and receivables					
Short-term investments	211,824,815	-	-	211,824,815	211,824,815
Long-term investments	2,549,637,546	-	-	2,549,637,546	2,549,637,546
Receivables					
Accounts receivables	8,236,536	-	-	8,236,536	8,236,536
Loans receivable	4,500,000	-	-	4,500,000	4,500,000
Other receivables	20,048,567	-	-	20,048,567	20,048,567
AFS financial assets					
Quoted	128,427,181	128,427,181	-	-	128,427,181
Unquoted	875,221,476	-	-	875,221,476	875,221,476
Accrued interest receivable	442,089,247	-	-	442,089,247	442,089,247
	P29,412,264,264	P25,300,706,078	P-	P 4,111,558,187	P 29,412,264,264

Financial liabilities

Accounts payable and accrued expenses	P28,770,317	P-	P-	P28,770,317	P28,770,317
	P28,770,317	P-	P-	P28,770,317	P28,770,317

	Carrying Value	2021			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	P228,528,514	P228,528,514	P-	P-	P228,528,514
HTM investments	19,070,997,581	19,363,830,566	-	-	19,363,830,566
Loans and receivables					
Short-term investments	1,310,680,953	-	-	1,310,680,953	1,310,680,953
Long-term investments	2,668,455,026	-	-	3,128,606,909	3,128,606,909
Receivables					
Accounts receivables	5,265,666	-	-	5,265,666	5,265,666
Loans receivable	104,072,061	-	-	112,221,088	112,221,088
Other receivables	30,489,182	-	-	30,489,182	30,489,182
AFS financial assets					
Quoted	507,564,191	507,564,191	-	-	507,564,191
Unquoted	1,235,744,500	-	-	1,235,744,500	1,235,744,500
Accrued interest receivable	341,179,676	-	-	341,179,676	341,179,676
	P25,502,977,350	P20,099,923,271	P-	P6,164,187,974	P26,264,111,245

Financial liabilities

Accounts payable and accrued expenses	31,037,853	P-	P-	P31,037,853	P31,037,853
	P31,037,853	P-	P-	P31,037,853	P31,037,853

Due to the short-term nature of transactions, the carrying amounts of financial instruments such as cash and cash equivalents, short-term investments, receivables except loan receivable, quoted equity securities classified as AFS financial assets, accounts payable and accrued expenses approximate their fair values.

For unquoted equity investments classified as AFS, these investments are carried at a reliable fair value under Level 3 of fair value hierarchy. This is determined using capital asset pricing model (CAPM). This is a model that describes the relationship between risks and expected return. Similar companies to the investee companies are identified and used as basis to identify the risks involved.

For loans receivable and long-term investments classified under loans and receivable, fair values are based on discounted value of future cash flows using applicable rates for similar types of instruments. The discount rate used ranged from 3.00% to 6.00% in December 31, 2022 and 2021.

For investments in mutual fund companies under AFS investments, fair values are established by reference to the published net asset value.

As of December 31, 2022 and 2021, the fair value of the investments in mutual funds designated as AFS financial assets of the Association amounted to ₱128.43 million and ₱430.32 million, respectively (see Note 9).

As of December 31, 2022 and 2021, the investment in Unit Investment Trust Fund (UITF) with BPI Bayanihan Balanced Fund amounted to nil and ₱77.24 million, respectively (see Note 9).

The Association classifies AFS financial assets under Level 1 of the fair value hierarchy, except for the unquoted equity securities that do not have quoted market prices in an active market which are measured using dividend yield model. During the reporting period ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

Starting in 2018, the Association determined the fair value of its unquoted equity securities classified as AFS financial assets using the dividend yield model. This method is based on inputs other than quoted prices that are observable for the asset such as weighted cost of capital.

The assumptions above were used in the “Base Case” projections. These assumptions were individually changed (while holding other assumptions steady as in the Base Case) and the resulting valuations derived, to show sensitivity of the valuation to various changes in assumptions.

Significant Unobservable Input	Movement in basis points	Increase (decrease) in fair value	
		2022	2021
Weighted cost of capital	+500	₱43,761,074	₱61,629,396
	-500	(43,761,074)	(61,654,616)

Financial Risks

The Association is exposed to financial risk through its financial assets, financial liabilities and insurance liabilities. In particular, the key financial risk that the Association is exposed to is that the proceeds from its financial assets may not be sufficient to fund the obligations arising from its

insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk.

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

Credit risk

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

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

- a. The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or when the policy is either paid up or terminated.
- b. Reinsurance is placed with highly rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and update the reinsurance purchase strategy, ascertaining suitable allowance for impairment.
- c. The Association sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.

The table below shows the maximum exposure to credit risk for the components of the statements of financial position.

	2022	2021
Financial Assets		
Cash and cash equivalents (excluding cash on hand amounting ₦0.20 million in 2022 and 2021, respectively)	₦532,436,744	₦228,328,504
HTM investments	24,639,642,153	19,070,997,581
Loans and Receivables		
Short-term investments	211,824,815	1,310,680,953
Long-term investment	2,549,637,545	2,668,455,026
Receivables		
Accounts receivable	9,184,441	5,265,666
Loans receivable	4,500,000	104,072,062
Advances for future stocks subscriptions	10,546,987	27,306,288
Notes receivable	5,000,000	–
Other receivables	3,553,676	3,182,894
AFS financial assets		
Unquoted	875,221,476	1,235,744,500
Quoted	128,427,181	507,564,191
Accrued interest receivable	442,089,248	341,179,676
	₦29,412,064,266	₦25,502,777,341

The table below provides information regarding the credit risk exposure of the Association by classifying assets according to the Association's credit ratings of counterparties as of December 31, 2022 and 2021.

2022

	Neither Past-Due nor Impaired		Past Due and Impaired	Total
	Investment Grade	Non-investment Grade		
Financial Assets				
Cash and cash equivalents	₱532,436,744	₱—	₱—	₱532,436,744
HTM investments	24,639,642,153	—	—	24,639,642,153
Loans and Receivables				
Short-term investments	211,824,815	—	—	211,824,815
Long-term investments	2,549,637,545	—	—	2,549,637,545
Loans receivable	4,500,000	—	—	4,500,000
Accounts receivables	8,147,828	—	1,036,613	9,184,441
Other receivables	18,457,765	—	552,898	19,100,663
AFS financial assets				
Unquoted	875,221,476	—	—	875,221,476
Quoted	128,427,181	—	—	128,427,181
Accrued interest receivable	442,089,248	—	—	442,089,248
	₱29,410,384,755	₱—	₱1,589,511	₱29,412,064,266

2021

	Neither Past-Due nor Impaired		Past Due and Impaired	Total
	Investment Grade	Non-investment Grade		
Financial Assets				
HTM investments	₱19,070,997,581	₱—	₱—	₱19,070,997,581
Cash and cash equivalents	228,528,514	—	—	228,528,514
Loans and Receivables				
Long-term investments	2,668,455,026	—	—	2,668,455,026
Short-term investments	1,310,680,953	—	—	1,310,680,953
Accrued interest receivable	341,179,676	—	—	341,179,676
Loans receivable	104,072,061	—	—	104,072,061
Accounts receivables	5,265,666	—	705,078	5,970,744
Other receivables	30,489,182	—	197,198	30,686,380
AFS financial assets				
Quoted	507,564,191	—	—	507,564,191
Unquoted	1,235,744,500	—	—	1,235,744,500
	₱25,502,977,350	₱—	₱902,276	₱25,503,879,626

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

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

The Association trades only with members who are also members of the related parties. The receivables represent mostly collections of the related parties pertaining to contributions for premiums for life insurance, loan redemption assistance and provident fund unremitted to the Association. Receivables are generally on a (one) 1-30 days terms and are all current. All receivables are neither past due nor impaired.

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

Liquidity risk

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

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

- a) The Association's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Association. Compliance with the policy is monitored and exposures and breaches are reported to the management. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- b) Set guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

The following table shows an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one (1) year and beyond one (1) year from reporting date:

2022

	Up to 1 year	1-3 years	over 3 years	No term	Total
Financial assets					
Cash and cash equivalents	₱533,652,098	₱–	₱–	₱–	₱533,652,098
HTM investments	5,242,087,730	7,062,252,925	16,387,776,765	–	28,692,117,420
Loans and receivables					
Accounts receivable	9,184,441	–	–	–	9,184,441
Accrued interest receivable	442,089,248	–	–	–	442,089,248
Loans receivable	4,500,000	–	–	–	4,500,000
Other receivables	19,100,663	–	–	–	19,100,663
Short-term investments	212,532,482	–	–	–	212,532,482
Long-term investments	510,838,147	2,202,102,419	339,887,279	–	3,052,827,846
AFS financial assets	–	–	–	1,003,648,657	1,003,648,657
	₱6,379,497,736	₱12,629,285,856	₱9,398,242,504	₱1,003,648,657	₱29,410,674,753
Financial liabilities					
Other financial liabilities					
Claims payable	₱157,949,161	₱–	₱–	₱–	₱157,949,161
Collection fee payable	1,223,682	–	–	–	1,223,682
Accrued expenses	27,546,635	–	–	–	27,546,635
Lease liabilities	7,803,636	3,886,079	–	–	11,689,715
	₱194,523,115	₱3,886,079	₱–	₱–	₱198,409,194

2021

	Up to 1 year	1-3 years	over 3 years	No term	Total
Financial assets					
Cash and cash equivalents	₱228,701,785	₱–	₱–	₱–	₱228,701,785
HTM investments	3,496,397,104	10,057,834,280	9,495,470,864	–	23,049,702,248
Loans and receivables					
Accounts receivable	5,265,666	–	–	–	5,265,666
Accrued interest receivable	341,179,676	–	–	–	341,179,676
Loans receivable	39,642,894	72,268,103	–	–	111,910,997
Other receivables	30,489,182	–	–	–	30,489,182
Short-term investments	1,317,091,459	–	–	–	1,317,091,459
Long-term investments	318,681,836	2,465,595,320	306,154,761	–	3,090,431,917
AFS financial assets	–	–	–	1,743,308,691	1,743,308,691
	₱5,777,449,602	₱12,595,697,703	₱9,801,625,625	₱1,743,308,691	₱29,918,081,621

	Up to 1 year	1-3 years	over 3 years	No term	Total
Financial liabilities					
Other financial liabilities					
Claims payable	P134,177,070	P—	P—	P—	P134,177,070
Collection fee payable	5,120,184	—	—	—	5,120,184
Accrued expenses	21,112,100	—	—	—	21,112,100
Lease liabilities	7,416,351	3,706,234	—	—	11,122,585
	P167,825,705	P3,706,234	P—	P—	P171,531,939

Market risk

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

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

- The market risk policy sets out the assessment and determination of what constitutes market risk for the Association. Compliance with the policy is monitored and exposures and breaches are reported to the association risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Set asset allocation and portfolio limit structure, to ensure that assets back specific member liabilities and that assets are held to deliver income and gains for members which are in line with expectations of the members.
- Stipulated diversification benchmarks by type of instrument, as the association is exposed to guaranteed bonuses, cash and annuity options when interest rates falls.

Currency risk

The Association's principal transactions are carried out in Philippine peso and its foreign exchange risk arises primarily with respect to U.S. dollars, in which some of its investments are denominated.

The following table shows the details of the Association's foreign currency denominated monetary assets and liabilities and their Philippine peso equivalents.

	2022		2021	
	U.S. Dollar ⁽¹⁾	Peso Equivalent	U.S. Dollar ⁽¹⁾	Peso Equivalent
Cash in bank	\$26,104	₱1,455,434	\$2,633	₱134,257
Cash equivalents	1,039,253	57,943,545	490,982	25,035,172
Short-term investments	—	—	5,762	293,804
Total	\$1,065,357	₱59,398,980	\$499,377	₱25,463,233

⁽¹⁾ The exchange rate used was ₱55.76 to US\$1.00 in 2022 and ₱50.99 to US\$1.00 in 2021.

Sensitivity analysis

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Association's income before income tax (due to changes in the fair value of currency sensitive monetary assets and liabilities).

	Currency	Increase (decrease) in Philippine Peso rate	Effect on Profit
2022	USD	+0.10	₱106,536
		-0.10	(106,536)
2021	USD	+0.10	₱254,261
		-0.10	(254,261)

Interest rate risk

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

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

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

As of December 31, 2022 and 2021, the Association does not have financial instruments which have repricing interest.

2022

	Range of interest rate	Up to a year	Over one (1) year
Cash and cash equivalents-regular deposit	0.01% to 1.45%	₱153,013,098	₱-
Cash and cash equivalents-time deposits	2.10% to 4.00%	379,423,646	-
Short-term investments	1.80% to 3.38%	211,824,815	-
Long term investments	3.00% to 6.00%	-	2,549,637,546
HTM investments	2.38% to 8.63%	-	24,639,642,153
Total financial assets		₱744,261,559	₱27,189,279,699

2021

	Range of interest rate	Up to a year	Over one (1) year
Cash and cash equivalents-regular deposit	0.05% to 1.50%	₱190,968,241	₱-
Cash and cash equivalents-time deposits	0.10% to 3.50%	37,360,263	-
Short-term investments	0.38% to 4.00%	1,310,680,953	-
Long term investments	4.00% to 6.00%	-	2,668,455,026
HTM investments	1.25% to 8.06%	-	19,070,997,581
Total financial assets		₱1,539,209,457	₱21,739,452,607

Price risk

The Association's price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, AFS investments. Such investment securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

The Association's investment policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plan, and limits on investment in each country, sector and market. Investments in derivatives are also not allowed.

Sensitivity analysis

The following table demonstrates sensitivity to a reasonably possible change in the market value of investments in mutual fund companies and unit investment trust fund, with all other variables held constant, of the Association's equity (due to changes in the net asset value of mutual funds).

	2022		2021	
Change in NAVPS	+10%	-10%	+10%	-10%
Mutual Funds	P12,842,718	(P12,842,718)	PP43,032,225	(PP43,032,225)
Unit Investment Trust Fund	—	—	7,724,195	(7,724,195)

27. Commitment and Contingencies

There were no commitments, guarantees and contingent liabilities that arose in the normal course of the Association's operations which are not reflected in the Association's financial statements. As of December 31, 2022 and 2021, management is of the opinion that losses, if any, from these commitments, guarantees and contingent liabilities will not have a material effect on the Association's financial statements.

28. Appropriated Fund Balance

The Association's BOT approved the appropriation of the following:

	Guaranty fund	Disaster Relief Assistance Program	Experience Refund	Interest on Refund	Enhancement of IT system	Capacity Building	Research and Development	Members' Education	Total
At January 1, 2021	P225,593,701	P4,970,141	P542,756	P-	P279,954,927	P-	P-	P-	P511,061,525
Appropriation	-	90,000,000	-	244,255,430	100,880,270	201,760,541	100,880,270	100,880,270	838,656,782
Utilization of Appropriation	-	(33,710,882)	-	-	(6,969,883)	-	-	-	(40,680,765)
Adjustments on guaranty fund	(2,906,000)	-	-	-	-	-	-	-	(2,906,000)
At December 31, 2021	P222,687,701	P61,259,259	P542,756	P244,255,430	P373,865,315	P201,760,541	P100,880,270	P100,880,270	P1,306,131,542
Reversal of Appropriation	-	-	-	-	(63,527,310)	-	-	-	(63,527,310)
Utilization of Appropriation	-	(34,134,027)	-	-	-	-	-	-	(34,134,027)
Maturity of investment	(43,309,000)	-	-	-	-	-	-	-	(43,309,000)
At December 31, 2022	P179,378,701	P27,125,231	P542,756	P244,255,430	P310,338,005	P201,760,541	P100,880,270	P100,880,270	P1,165,161,205

The Association is required to increase the guaranty fund based on the 5.00% annual gross premium collections until the guaranty fund reaches 12.50% of the minimum paid up capital for domestic life insurance companies or ₱162.50 million, whichever is higher. In 2021, there was an adjustment for guaranty fund amounting to ₱2.91 million. Also, in 2022, there were matured government securities tagged as guaranty fund amounting to ₱43.41 million and amount of investment was subsequently reversed to unappropriated fund balance.

The Association appropriated nil and ₱90.00 million in 2022 and 2021, respectively for CDRAP aimed at providing relief assistance to its members and dependents during calamities and other disasters in the form of cash or relief goods. In 2022 and 2021, utilization of appropriation amounted to ₱34.13 million and ₱33.71 million, respectively.

Also, during the year, there was a reversal of appropriation for enhancement of IT system amounted to ₱63.53 million.

29. Maturity Profile of Assets and Liabilities

The table below presents the assets and liabilities of the Association as of December 31, 2022 and 2021 analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the reporting date:

	2022		2021	
	Within One Year	Beyond One Year	Within One Year	Beyond One Year
Financial Assets				
Cash and cash equivalents	₱532,636,744	₱-	₱532,636,744	₱228,528,514
Financial assets at FVTPL				
Loans and receivables	546,460,437	2,247,787,027	2,794,247,464	1,658,469,919
HTM investments	4,859,900,819	19,779,741,333	24,639,642,153	2,892,869,504
AFS financial assets	-	1,003,648,657	1,003,648,657	-
Accrued income	442,089,247	-	442,089,247	341,179,676
	6,381,087,247	23,031,177,017	29,412,264,264	5,121,047,613
				20,381,929,737
				25,502,977,350
Nonfinancial Assets				
Property and Equipment	₱-	₱205,878,198	₱205,878,198	₱-
Right-of-use Assets	-	20,889,650	20,889,650	17,907,194
Investment Properties	-	397,253,252	397,253,252	405,944,177
Investments in Associates	-	1,549,603,113	1,549,603,113	1,337,848,933
Pension Asset	-	41,141,464	41,141,464	44,089,622
Other Assets	21,015,826	3,598,418	24,614,244	14,770,974
	21,015,826	2,218,364,095	2,239,379,921	1,976,726,849
	6,402,103,074	25,249,541,112	31,651,644,185	22,358,656,586
				1,991,497,823
				27,494,475,173
Less: Allowance for credit losses			1,589,511	
Accumulated depreciation – property and equipment			73,483,569	
Accumulated depreciation – ROU Asset			9,238,927	
Accumulated depreciation – Investment properties			92,709,629	
			₱31,474,622,548	
				₱27,340,961,548
Financial Liabilities				
Accounts payable and accrued expenses	₱28,770,317	₱-	₱28,770,317	₱31,037,853
Lease liabilities	7,803,636	3,886,079	11,689,715	3,706,234
	36,573,953	3,886,079	40,460,032	3,706,234
				42,160,438
Nonfinancial Liabilities				
Insurance contract liabilities	-	14,340,616,607	14,340,616,607	12,504,354,764
Retirement fund	-	9,787,564,852	9,787,564,852	8,362,624,691
	-	24,128,181,459	24,128,181,459	20,866,979,455
	₱36,573,953	₱24,132,067,538	₱24,168,641,491	₱38,454,204
				₱20,870,685,689
				₱20,909,139,893

30. Approval of the Financial Statements

The accompanying financial statements of the Association were approved and authorized for issue by the Board of Trustees on April 28, 2023.

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

The Association reported and/or paid the following types of taxes in 2022:

Value added tax (VAT)

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

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

The Association paid Output VAT from its rental income and interest earned from loans receivables amounting ₱2.42 million and ₱2.14 million, respectively.

- b. The Association did not incur any input VAT in 2022.

Information on the Association's importations

The Association does not undertake importation activities.

Taxes and Licenses

This includes all other taxes, local and national, including real estate taxes, license and permit fees lodged under the caption 'Taxes and Licenses' under the 'General and Administrative Expenses' section in the Association's Statement of Comprehensive Income.

Details consist of the following in 2022:

<i>Local tax</i>	
License and permit fees	₱1,311,800
Real property taxes	903,509
Others	26,499
	<u>2,241,809</u>
<i>National tax</i>	
Registration fees	41,000
	<u>₱4,524,617</u>

- c. Withholding Taxes

Details consist of the following:

	Remitted	December 31, 2022
Withholding taxes on compensation and benefits	₱1,526,052	₱ 383,145
Expanded withholding taxes	3,841,163	369,429
	<u>₱5,367,215</u>	<u>₱752,574</u>

d. Tax Assessments and Cases

On January 23, 2020, the Association received a letter from the OIC-Revenue District Officer of BIR Revenue District Office No. 055-East Laguna, in response to the Association's request for the revalidation of its Certificate of Tax Exemption, opining that the Association "does not qualify for exemption under Section 30 (G) of the NIRC, as amended, and, therefore, is liable for regular corporate income tax imposed under Title II of the same Code and other applicable taxes such as Value Added Tax (VAT) or Percentage Tax on the alleged ground that its primary source of income is the gross premiums on insurance contracts as this indicates that the Association is a credit facility or a financing enterprise administered for profit.

The Association's Legal Counsel duly protested the same and filed on February 20, 2020 its position paper thereto. The matter has been referred to the Legal Division of the BIR's Revenue Region No. 09 for appropriate action. The resolution on this matter is on-going.

The Association received from the BIR's Revenue Region No. 9B-LaQueMar Letters of Authority on March 03, 2020 and February 03, 2021 for the examination of its books of accounts and other accounting records for taxable years 2018 and 2019, respectively.

On October 29, 2021, the BIR issued a Formal Letter of Demand (FLD) against the Association for deficiency income tax and value added tax for the taxable year 2018. The Association, through its Legal Counsel, duly protested the said assessments on the ground that the same are devoid of any legal and factual basis. The Regional Director of Revenue Region No. 9B-LaQueMar issued its Final Decision on Disputed Assessment (FDDA) cancelling the assessment for value added tax in the amount of ₱3,415,123.80; reducing the assessment for deficiency income tax from ₱231,159,515.51 to ₱138,106,677.69 and reiterating the assessment for Compromise Penalties in the amount of P75,000.00. Said FDDA which was received by the Association on December 07, 2022 was appealed to the Office of the Commissioner of Internal Revenue (CIR) on December 20, 2022. The CIR referred our appeal to the BIR's Appellate Division where it is still pending resolution.


For Taxable Year 2019, the BIR's Revenue District Office No. 055-San Pablo City issued a Notice of Discrepancy on July 28, 2022. Then on October 06, 2022, the BIR issued an Amended Notice of Discrepancy and another Amended Notice of Discrepancy on January 18, 2023.

Management believes, as supported by the advice from its legal counsel, that it has strong and meritorious grounds that BIR will accept the uncertain tax treatment and that the deficiency assessments be eventually cancelled and set aside.



Panatag Ka.

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