

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The management of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2025. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements for the year ended December 31, 2025 and the accompanying Annual Income Tax Return are in accordance with the books and records of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.**, complete and correct in all material respects. Management likewise affirms that:

- a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Association's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances; and,
- c) **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.



EVELIA BARDOS-TIZON
Chairman



MINERVA G. TEJADA
CEO



ROMEO M. MAGDAONG
Treasurer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

The Board of Trustees reviews and approves the financial statements including the schedules attached therein, and submits the same to the members of the Association.

AMC & Associates, the independent auditor, appointed by the Board of Trustees for the years ended December 31, 2025 and 2024, have audited the financial statements of the Association in accordance with Philippine Standards on Auditing and in their report to the members have expressed their opinion on the fairness of presentation upon completion of such audit.



EVELIA BARDOS-TIZON
BOT Chairperson



MINERVA G. TEJADA
CEO



ROMEO M. MAGDAONG
Board Treasurer

Signed this 31st of MARCH 2026



Aquino, Mata, Calica & Associates
 Certified Public Accountants
 Suite 1805 - 1807 Cityland Condominium 10 Tower 2
 H.V. Dela Costa St., Makati City, 1227 Philippines
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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
 TO ACCOMPANY INCOME TAX RETURN**

**The Board of Trustees and Members
 National Confederation of Cooperatives
 Mutual Benefits Association (NATCCO MBA), Inc.**
(A Non-Stock, Non-Profit Association)
 227 J.P. Rizal St., Bayanihan
 Project 4, Quezon City

We have audited the financial statements of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** for the year ended December 31, 2025, on which we have rendered the attached report dated March 31, 2026.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal officers of the Association.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
 Partner
 CPA Cert. No. 94541
 TIN 163-257-226-000
 PTR No. 10770261, Jan. 9, 2026, Makati City
 BIR Accreditation No. 08-002582-001-2023
 (issued on Oct. 12, 2023 valid until Oct. 11, 2026)
 SEC Accreditation No. 94541-SEC (Group A)
 (valid to audit 2023 to 2027 financial statements)
 IC Accreditation No. IC-EA-2026-0049-R (Group A)
 (valid to audit 2025 to 2027 financial statements)
 BSP Accreditation No. 94541-BSP (Group B)
 (valid to audit 2021 to 2025 financial statements)

March 31, 2026



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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees and Members
National Confederation of Cooperatives
Mutual Benefits Association (NATCCO MBA), Inc.
(A Non-Stock, Non-Profit Association)
227 J.P. Rizal St., Bayanihan
Project 4, Quezon City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc.** (the "Association"), which comprise the statements of financial condition as at December 31, 2025 and 2024 and the statements of operations, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial condition of the Association as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards applicable to Mutual Benefits Associations (MBAs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRS Accounting Standards applicable to MBAs, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



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Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2025 required by the Bureau of Internal Revenue as disclosed in Note 28 of the financial statements is presented for purposes of additional analysis and is not a required part of financial statements prepared in accordance with PFRS Accounting Standards applicable to MBAs. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

AMC & ASSOCIATES

By: **Joseph Cedric V. Calica**
Partner

CPA Cert. No. 94541

TIN 163-257-226-000

PTR No. 10770261, Jan. 9, 2026, Makati City

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(valid to audit 2023 to 2027 financial statements)

IC Accreditation No. IC-EA-2026-0049-R (Group A)

(valid to audit 2025 to 2027 financial statements)

BSP Accreditation No. 94541-BSP (Group B)

(valid to audit 2021 to 2025 financial statements)

March 31, 2026

FIRM ACCREDITATION

Aquino, Mata, Calica & Associates

BOA Accreditation No. 4275 - valid from June 29, 2023 to June 28, 2026

BIR Accreditation No. 08-002582-000-2023 - issued on October 12, 2023 valid until October 11, 2026

SEC Accreditation No. 4275-SEC (Group A) - valid to audit 2023 to 2027 financial statements

BSP Accreditation No. 4275-BSP (Group B) - valid to audit 2021 to 2025 financial statements

CDA CEA No. 075-AF - valid from January 15, 2025 to January 14, 2030



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.

(A Non-Stock, Non-Profit Association)

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2025 AND 2024

(Amounts in Philippine Peso)

	<u>2025</u>	<u>2024</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents (Note 4)	P 47,912,262	P 37,266,005
Receivables (Note 5)	133,732	110,835
Financial asset at fair value through profit or loss (Note 6)	<u>9,946,017</u>	<u>9,464,697</u>
Total Current Assets	<u>57,992,011</u>	<u>46,841,537</u>
NON-CURRENT ASSETS		
Receivables (Note 5)	25,214,077	25,154,159
Financial assets at amortized cost (Note 7)	42,691,031	40,303,616
Property and equipment (Note 8)	<u>4,125,223</u>	<u>3,629,665</u>
Total Non-current Assets	<u>72,030,331</u>	<u>69,087,440</u>
TOTAL ASSETS	<u>P 130,022,342</u>	<u>P 115,928,977</u>
<u>LIABILITIES AND FUND BALANCE</u>		
CURRENT LIABILITIES		
Liability on individual equity value (Note 9)	P 40,792,241	P 39,844,485
Members contributions received in advance (Note 10)	2,867,755	2,937,419
Claims payable on basic contingent benefit (Note 11)	2,842,057	1,817,156
Optional benefit reserve (Note 12)	12,436,411	10,256,538
Claims payable on optional benefit (Note 13)	3,178,653	2,304,336
Basic contingent benefit reserve (Note 14)	2,053,560	1,955,672
Other payables (Note 15)	<u>9,813,208</u>	<u>9,810,895</u>
Total Current Liabilities	73,983,885	68,926,501
NON-CURRENT LIABILITY		
Post-employment benefits liability (Note 19)	<u>2,540,495</u>	<u>2,206,023</u>
Total Liabilities	<u>76,524,380</u>	<u>71,132,524</u>
FUND BALANCE		
Assigned fund balance (Note 21)	33,846,412	30,337,746
Revaluation surplus (Note 21)	82,954	(13,724)
Free and unassigned fund balance (Note 21)	<u>19,568,596</u>	<u>14,472,431</u>
Total Fund Balance	<u>53,497,962</u>	<u>44,796,453</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>P 130,022,342</u>	<u>P 115,928,977</u>

See Notes to Financial Statements.



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	<u>2025</u>	<u>2024</u>
REVENUES		
Premiums and contributions <i>(Note 16)</i>	P 66,220,828	P 55,635,784
Interest income <i>(Note 17)</i>	<u>3,184,875</u>	<u>1,983,979</u>
	<u>69,405,703</u>	<u>57,619,763</u>
EXPENSES <i>(Note 18)</i>		
Benefits expenses	20,764,218	13,899,263
Other benefits expenses	22,511,191	18,302,783
Operating expenses	<u>17,525,463</u>	<u>17,851,538</u>
	<u>60,800,872</u>	<u>50,053,584</u>
EXCESS OF REVENUES OVER EXPENSES	8,604,831	7,566,179
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of post-employment benefit cost <i>(Note 19)</i>	<u>96,678</u>	<u>(15,274)</u>
TOTAL COMPREHENSIVE REVENUES	<u>P 8,701,509</u>	<u>P 7,550,905</u>

See Notes to Financial Statements.



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	Assigned Fund Balance (Note 21)	Revaluation Surplus (Note 21)	Free and Unassigned Fund Balance (Note 21)	Total
Balance at January 1, 2025	P 30,337,746	(P 13,724)	P 14,472,431	P 44,796,453
Transfer to assigned fund balance	3,508,666	-	(3,508,666)	-
Total comprehensive revenues for the year	-	96,678	8,604,831	8,701,509
Balance at December 31, 2025	<u>P 33,846,412</u>	<u>P 82,954</u>	<u>P 19,568,596</u>	<u>P 53,497,962</u>
Balance at January 1, 2024	P 27,422,622	P 1,550	P 9,821,376	P 37,245,548
Transfer to assigned fund balance	2,915,124	-	(2,915,124)	-
Total comprehensive revenues (loss) for the year	-	(15,274)	7,566,179	7,550,905
Balance at December 31, 2024	<u>P 30,337,746</u>	<u>(P 13,724)</u>	<u>P 14,472,431</u>	<u>P 44,796,453</u>

See Notes to Financial Statements.



NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.
(A Non-Stock, Non-Profit Association)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

	<u>2025</u>		<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	P 8,604,831	P	7,566,179
Adjustments for:			
Increase (decrease) in optional benefit reserve (Note 12)	2,179,873	(	402,156)
Depreciation (Note 8)	590,042		392,676
Retirement expense (Note 19)	431,150		538,637
Increase in basic contingent benefit reserve (Note 14)	97,888		94,519
Interest income (Note 17)	(3,184,875)	(	1,983,979)
Excess of revenues over expenses before working capital changes	8,718,909		6,205,876
Decrease (increase) in receivables	(82,815)		66,300
Decrease in prepayments	-		715,133
Increase (decrease) in liability on individual equity value	947,756	(	1,008,241)
Increase (decrease) in members contribution received in advance	(69,664)		255,622
Increase in claims payable on basic contingent benefit	1,024,901		43,698
Increase (decrease) in claims payable on optional benefit	874,317	(	1,179,504)
Increase in other payables	2,313		6,282,362
Cash generated from operations	11,415,717		11,381,246
Interest received on cash and cash equivalents (Note 4)	17,017		11,710
 Net Cash From Operating Activities	 <u>11,432,734</u>		 <u>11,392,956</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments (Note 17)	3,167,858		1,972,269
Additions to financial assets through profit or loss (Note 6)	(481,320)	(	395,069)
Acquisitions of property and equipment (Note 8)	(1,085,600)	(	439,518)
Additions to financial assets at amortized cost (Note 7)	(2,387,415)	(	1,841,662)
Proceeds from short-term financial assets	-		4,159,243
 Net Cash From (Used in) Investing Activities	 (786,477)		 3,455,263
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 10,646,257		 14,848,219
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>37,266,005</u>		 <u>22,417,786</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	 <u>P 47,912,262</u>	P	 <u>37,266,005</u>

See Notes to Financial Statements.



**NATIONAL CONFEDERATION OF COOPERATIVES
MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.**
(A Non-Stock, Non-Profit Association)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Peso)

1. GENERAL INFORMATION

Organization and Objectives

National Confederation of Cooperatives Mutual Benefits Association (NATCCO MBA), Inc. (the "Association") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on April 24, 2009 with registration number CN2000905690. Its members are active members of any cooperative affiliated with the National Confederation of Cooperatives (NATCCO). It is a regulated entity under the Insurance Commission.

The Association is primarily engaged to extend financial assistance to its members, spouse, and children in the form of benefits, sickness benefits, provident savings and loan redemption assistance; to ensure continued access to benefits or resources by actively involving the members in the management of the association that will include implementation of policies and procedures geared towards sustainability and improved services; to do and perform any other acts and things and to have and exercise any other power and functions as may be necessary, convenient, legal and appropriate to accomplish the purpose for which the mutual benefits association is established or organized.

The registered office of the Association is located at 227 J.P. Rizal St., Bayanihan, Project 4, Quezon City.

Tax Exemption

As a non-stock, non-profit association, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code. However, the income of whatever kind and character of the Association from any of its properties, real or personal, or from any of its activities conducted for profit, regardless of the disposition made of such income, shall be subjected to tax. Moreover, interest income derived from the deposit with banks are subject to the final tax.

On July 6, 2022, the Association obtained tax exemption from the BIR under Certificate Tax Exemption No. RR7A040-2022-CTE00024 which is valid until July 5, 2025. The Association has filed an application for renewal of its tax exemption status with the Bureau of Internal Revenue, which is currently pending approval as of the reporting date.

Approval of Financial Statements

The financial statements of the Association as at and for the year ended December 31, 2025 (including the comparative financial statements as at and for the year ended December 31, 2024) were authorized for issue by the Association's Board of Trustees (BOT) on March 31, 2026.



2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented unless otherwise stated.

Basis of Preparation of Financial Statements

a. Statement of Compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards for Mutual Benefits Associations (MBAs)

The financial statements of the Association have been prepared in accordance with PFRS Accounting Standards in the Philippines applicable to MBAs.

Pursuant to Section 189 of The Amended Insurance Code, the Insurance Commission issued Circular Letter (CL) No. 2014-41 dated September 25, 2014 and subsequently amended under CL 2021-04 dated January 20, 2021, requiring all new and existing mutual benefits associations doing business in the Philippines to use and maintain the revised Standard Chart of Accounts (SCA) for MBAs. The SCA is the prescribed framework for the Association in the preparation of financial statements.

The SCA for MBAs list a uniform system of account numbers categorized based on MBAs' revenue, expenses, assets, liabilities and fund value for similar transactions and events, in compliance with the latest Philippine Accounting Standards (PAS) and PFRS Accounting Standards.

PFRS Accounting Standards is adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncement issued by the International Accounting Standards Boards (IASB) and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS applicable to MBAs for each type of assets, liabilities, income and expense. The measurement bases are more fully described in the accounting policies that follow.

b. Presentation of Financial Statements

The financial statements are presented in accordance with the Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Association presents all items of income and expenses in a single statement of operation.

The Association presents the third statement of financial condition at the beginning of the preceding period when it applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items that have a material effect on the information in the statement of financial condition at the beginning of the preceding period. The related notes to the third statement of financial condition are not required to be disclosed.

c. Functional and Presentation Currency

These financial statements are presented in Philippine peso, the Association's functional and presentation currency and all values represent absolute amounts except when otherwise indicated.



Items included in the financial statements of the Association are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Association operates.

Adoption of Amended PFRS

a. Effective in 2025 that are Relevant to the Association

The Association adopted for the first time amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, which are mandatorily effective for annual periods beginning on or after January 1, 2025. The amendments require entities to assess whether a currency is exchangeable and to determine a spot exchange rate when exchangeability is lacking. These amendments also mandate the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments had no significant impact on the financial statements of the Association.

b. Effective Subsequent to 2025 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2025, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and unless otherwise indicated, none of these are expected to have significant impact on the Association's financial statements:

- i. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026)
- ii. PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to Contracts Referencing Nature-dependent Electricity* (effective from January 1, 2026).
- iii. PFRS 17, *Insurance Contracts – Insurance Contracts* (effective from January 1, 2027)
- iv. PFRS 17 (Amendments), *Insurance Contracts – Initial Application of PFRS 17 and PFRS 9 – Comparative Information* (effective from January 1, 2027)
- v. PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.



- vi. PFRS 19, *Subsidiaries without Public Accountability: Disclosures* (effective from January 1, 2027) The new standard reduces the disclosure requirements prescribed by other standards for subsidiaries without public accountability. It changes disclosure requirements prescribed by other standards as the reporting entity will instead refer to PFRS 19 for required disclosures.
- vii. PFRS 10 and PAS 28 (Amendments), *Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (effective date deferred indefinitely)

Financial Instruments

a. Financial Assets

Financial assets are recognized when the Association becomes a party to the contractual terms of the financial instruments. Except for those receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

The foregoing categories of financial instruments of the Association are more fully described below:

i. Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following conditions are met (and are not designated as FVTPL):

- the asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows (“hold to collect”); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Association’s financial assets measured at amortized cost comprise of Cash and cash equivalents, Receivables and Financial Assets at amortized cost in the statements of financial condition.



For purposes of cash flows reporting and presentation, cash and cash equivalents comprise accounts with original maturities of three months or less, including cash. These generally include cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial assets measured at amortized cost are included in the current assets, except for those with maturities greater than 12 months after the end of reporting period, which is classified as non-current assets.

ii. *Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)*

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to hold to collect the associated cash flows and sell (“hold to collect and sell”); and,
- the contractual terms of the financial assets give rise to cash flows that are SPPI on the principal amount outstanding.

At initial recognition, the Association can make an irrevocable election (on an instrument-by-instrument basis) to designate equity investments as at FVOCI; however, such designation is not permitted if the equity investment is held by the Association for trading or as mandatorily required to be classified as FVTPL.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for any disposal costs. Gains and losses arising from changes in fair value, including the foreign exchange component, are recognized in other comprehensive income, net of any effects arising from income taxes, and are reported as part of the Revaluation Reserves accounts in equity. When the asset is disposed of, the cumulative gain or loss previously recognized in the Surplus reserve account is not reclassified to profit or loss but is reclassified directly to the Surplus free account, except for those debt securities classified as FVOCI wherein cumulative fair value gains or losses are recycled to profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets (after the deduction of the loss allowance). The interest earned is recognized in profit or loss in the statement of operation as part of Interest income.

Any dividends earned on holding equity instruments are recognized in profit or loss when the Association’s right to receive dividends is established, it is probable that the economic benefits associated with the dividend will flow to the Association, and, the amount of the dividend can be measured reliably unless the dividends represent the recovery of a part of the cost of the investment.

As at December 31, 2025 and 2024, the Association does not have financial assets designated at FVOCI.



iii. Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorized at FVTPL. Further, irrespective of the business model, financial assets whose contractual cash flows are not SPPI are accounted for at FVTPL. Also, equity securities are classified as financial assets at FVTPL, unless the Association designates an equity investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are measured at fair value with gains or losses recognized in the profit or loss as part of Interest income in the statements of operation. The fair values of these financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists.

Interest earned on these investments is included in the net fair value gains (losses) on these assets presented as part of Interest income in the statements of operation.

As at December 31, 2025 and 2024, the Association has financial assets designated at FVTPL amounted to P9,946,017 and P9,464,697, respectively.

The Association can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Association is required to reclassify financial assets: (i) from amortized cost to FVTPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and, (ii) from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument’s contractual cash flows meet the amortized cost criteria.

A change in the objective of the Association’s business model will take effect only at the beginning of the next reporting period following the change in the business model.

b. Impairment of Financial Assets

At the end of the reporting period, the Association assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost and debt instruments measured at FVOCI. Recognition of credit losses is no longer dependent on the Association’s identification of a credit loss event. Instead, the Association considers a broader range of information in assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the collectability of the future cash flows of the financial assets.

The Association applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate ECL, the Association uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Association also assesses the impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due.



For debt instruments measured at FVOCI and amortized cost, the allowance for credit losses is based on the ECL associated with the probability of default of a financial instrument in the next 12 months, unless there has been a significant increase in credit risk since the origination of the financial asset, in such case, a lifetime ECL for a purchased or originated credit-impaired, the allowance for credit losses is based on the change in the ECL over the life of the asset. The Association recognized a loss allowance for such losses at each reporting date.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* - It is an estimate of the likelihood of default over a given time horizon.
- *Loss given default* - It is an estimate of loss arising in the case where default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due to counterparty and those that the Association would expect to receive, including the realization of any collateral.
- *Exposure at default* - It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. The Association considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

c. Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Interest income or Interest expense, Impairment losses, Gain on disposal of financial assets, Dividend income and Recoveries from accounts written-off (presented as part of Other income) in the Statement of operation.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets are measured.

d. Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a transferred financial asset, the Association continues to recognize the financial asset and also recognizes collateralized borrowing for the proceeds received.



e. Financial Liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Financial liabilities include liability on individual equity value, members' contribution received in advance, claims payable on basic contingent benefit, optional benefit reserve, claims payable on optional benefit, basic life insurance benefit reserve and other payables, (excluding tax payables and post-employment benefit obligation), are recognized when the Association becomes a party to the contractual terms of the instrument. All interest-related charges are recognized as Interest expense in the statement of operation.

Liability on individual equity value is recognized initially at fair value, which is the issue proceeds (fair value of the consideration received). Other payables and members contributions received in advance, claims payable on basic contingent benefit, claims payable on optional benefit and other payables are recognized initially at their fair value and subsequently measured at amortized cost for maturities beyond one year, less settlement payments.

Optional benefit reserve and basic contingent benefit reserve are recognized at fair value which is the amount recommended by an independent actuary.

Financial liabilities are derecognized from the statement of financial condition only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

f. Offsetting Financial Instruments

Financial assets and liabilities are set-offs and the resulting net amount is reported in the statement of financial condition when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented as gross in the statement of financial condition. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.



Property and Equipment

Property and equipment are carried at acquisition or construction cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Office equipment	3 - 10 years
IT Equipment	4 - 10 years
Leasehold improvement	3 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful life of property and equipment are reviewed and adjusted if appropriate, at each reporting date.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of operation in the year the item is derecognized.

Impairment of Non-financial Assets

The Association's property and equipment are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Association's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.



All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset or cash-generating unit's recoverable amount exceeds its carrying amount.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When the time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, they are not recognized in the financial statements. On the other hand, any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

For other income arises in the performance of the Association's services, the Association follows a 5-step process to determine whether to recognize revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as a performance obligation(s) are satisfied.



For Step 1 to be achieved, the following five gating criteria must be present:

- i. the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- ii. each party's rights regarding the goods or services to be transferred or performed can be identified;
- iii. the payment terms for the goods or services to be transferred or performed can be identified;
- iv. the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
- v. collection of the consideration in exchange for the goods and services is probable.

Revenue is recognized either at a point in time or overtime, when (or as) the Association satisfies performance obligations by transferring the promised goods or services to its customers.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- i. the customer simultaneously receives and consumes the benefits provided by the Association's performance as the Association performs;
- ii. the Association's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- iii. the Association's performance does not create an asset with an alternative use to the Association and the entity has an enforceable right to payment for performance completed to date.

The Association recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial condition. Similarly, if the Association satisfies a performance obligation before it receives the consideration, the Association recognizes either a contract asset or a receivable in its statement of financial condition, depending on whether something other than the passage of time is required before the consideration is due.

The Association recognizes revenue from contracts with customers within the scope of PFRS 15 as follows:

- a. *Members' contributions* - revenue are recognized at a point in time when these become due and demandable from members, and the Association has the right to consideration. If such fees relate to services to be provided over a period, revenue is recognized over time on a straight-line basis over the membership period.

The following are the recognition criteria for revenues of the Association outside the scope of PFRS 15:

- a. *Interest income.* Interest income arising from cash and cash equivalents, short-term financial assets and investment securities at amortized cost, and membership contribution receivables are recognized on an accrual basis using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset. The EIR is established on initial recognition of the financial asset and is not revised subsequently. When the related financial asset becomes impaired, the recognition of interest income is suspended and/or limited up to the extent of cash collections received.



- b. *Premiums* - Revenue is recognized over the coverage period of the related contracts, as the insurance service is provided, in accordance with applicable insurance accounting standards. Benefits and claims are recognized as expense when incurred. Liabilities for unpaid claims, including those incurred but not reported (IBNR), are recognized based on estimates of the ultimate cost of settling such claims.

Cost and operating expenses are recognized in profit or loss upon utilization of services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual.

Employee Benefits

The Association provides short-term benefits and post-employment benefits to employees through a defined benefit plan, as well as various defined contribution plans.

- a. *Short-term Benefits*

Wages, salaries and bonuses are recognized as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognized when the absences occur.

- b. *Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines the amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Association, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Association's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial condition for the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a derived discount rate based on the interest rates of zero-coupon government bonds as published by the Philippine Dealing and Exchange Corporation that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post-employment liability.

Actuarial gains and losses are charged or credited to profit or loss in the year in which they arise.

Past-service costs are recognized immediately in profit or loss.



c. *Defined Contribution Plan*

A defined-contribution plan is a post-employment plan under which the Association pays fixed contributions to an independent entity. The Association has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

d. *Termination Benefits*

Termination benefits are payable when employment is terminated by the Association before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Association recognizes termination benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Leases

For any new contracts entered into on or after January 1, 2019, the Association considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Association assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Association;
- the Association has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Association has the right to direct the use of the identified asset throughout the period of use. The Association assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At the lease commencement date, the Association recognizes a right-of-use asset and a lease liability in the statement of financial condition. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Association, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Association depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Association also assesses the right-of-use asset for impairment when such indicators exist.



On the other hand, the Association measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Association's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Association has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset, and a lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term. On the statement of financial condition, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Fund Balance

Assigned fund balance comprises of the appropriation transferred from undistributed earnings.

Revaluation surplus pertains to defined benefit plan reserve on actuarial gain or loss due to remeasurement of pension liability.

Free and unassigned fund balance includes all current and prior period results as disclosed in the statements of operation, net of transferred to assigned fund balance and dividends if any.

Related Party Transactions and Relationship

Related party transactions are transfers of resources, services or obligations between the Association and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Association; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Association that gives them significant influence over the Association and close members of the family of any such individual.

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



Events after the End of the Reporting Period

Any post-year-end event that provides additional information about the Association's financial condition at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when they material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Association's financial statements prepared in accordance with PFRS Accounting Standards for MBAs require management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Critical Judgments in Applying Accounting Policies

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

a. Determination of Lease Term of Contracts with Removal and Termination Options

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease term is reasonably certain to be extended or not terminated.

For leases of offices, the factors that are normally the most relevant are (a) if their significant penalties should the Association pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant meaning value, the Association is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Association considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Association includes the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have short, non-cancellable lease periods (i.e., four to ten years) and there will be a significant negative effect on production if a replacement is not readily available.

The lease term is reassessed if an option is exercised or not exercised or the Association becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Association.



b. Application of ECL on Financial Assets at Amortized Cost

The Association uses a provision matrix to calculate ECL for all debt instruments carried at amortized cost. The allowance for impairment is based on ECLs associated with the probability of default of a financial instrument in the next 12 months unless there has been a significant increase in credit risk since the origination of the financial instrument, in such case, a lifetime ECL for the instrument is recognized.

The Association has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument.

c. Evaluation of Business Model Applied in Managing Financial Instruments

The Association manages its financial assets based on business models that maintain an adequate level of financial assets to match its expected cash outflows, largely its core deposit funding arising from members' withdrawals and continuing disbursements to members, while maintaining a strategic portfolio of financial assets.

The Association developed business models that reflect how it manages its portfolio of financial instruments. The Association's business models need not be assessed at the entity level or as a whole but shall be applied at the level of a portfolio of financial instruments (i.e., a group of financial instruments that are managed together by the Association) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of the individual financial instrument).

In determining the classification of a financial instrument under PFRS 9, the Association evaluates in which business model a financial instrument or a portfolio of financial instruments belongs taking into consideration the objectives of each business model established by the Association (e.g., held-for-trading, generating accrual income, direct matching to a specific liability) as those relating to the Association's investment strategies.

d. Testing the Cash Flows Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets under PFRS 9, the Association assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI on the principal outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents the time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as the modified time value of money, the Association assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion.



The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of the money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Association considers the effect of the modified time value of the money element in each reporting period and cumulatively over the life of the financial instrument.

In addition, PFRS 9 emphasizes that if more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how much sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Association considers certain circumstances documented in its business model manual to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Association can explain the reasons for those sales and why those sales do not reflect a change in the Association's objective for the business model.

e. Determination of Timing of Satisfaction of Performance Obligations

The Association applies judgment in determining whether revenue is recognized at a point in time or over time in accordance with PFRS 15.

Management considers whether customers simultaneously receive and consume the benefits of the services provided. Based on this assessment, revenue from membership fees and similar income is generally recognized at a point in time or over the applicable period, depending on the nature of the service.

f. Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provisions and disclosure of contingencies are discussed in Note 2 and relevant disclosures are presented in Note 24.

Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of resources and liabilities within the next financial year:

a. Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior (e.g., the likelihood of customers defaulting and the resulting losses).

The carrying value of receivables and the analysis of the related allowance for impairment on such financial assets are shown in Note 5.



b. Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

The fair values of the Association's financial instruments are disclosed in Note 26.

c. Estimation of Useful Lives Property and Equipment

The Association estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment property are analyzed in Note 8. Based on management assessment as at December 31, 2025 and 2024, there is no change in the estimated useful lives of those assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

d. Impairment of Non-financial Assets

PFRS requires that an impairment review be performed when certain impairment indications are present. The Association's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

e. Valuation of Post-employment Defined Benefit Obligation

The determination of the Association's retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 20 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS Accounting Standards, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

f. Valuation of Optional Benefit Reserve and Basic Contingent Benefit Reserve

Valuation of Optional insurance benefit reserve and Basic contingent benefit reserve represent estimates of the present value of future benefit payments to members. These estimates are based on the valuation method subject to the provisions of the Insurance Code and guidelines set by the Insurance Commission.



At each reporting date, these estimates are reassessed for adequacy and changes will be reflected in adjustments to the liability.

4. CASH AND CASH EQUIVALENTS

This account comprises of the following:

	<u>2025</u>		<u>2024</u>
Cash in banks	P 47,231,034	P	36,585,425
Cash equivalents	<u>681,228</u>		<u>680,580</u>
	<u>P 47,912,262</u>	P	<u>37,266,005</u>

Cash in banks generally earns interest at rates based on daily banks deposit rates. Cash equivalents pertains to short-term placements made for varying periods ranging from 30 to 90 days and earn effective interest of 1.25% per annum in 2025 and in 2024. The interest earned on cash in banks and cash equivalents amounted to P17,017 in 2025 and P11,710 in 2024 and is presented as part of Interest income under Revenues in the statements of operations (see Note 17).

5. RECEIVABLES

The details of this account are shown below:

	<u>2025</u>		<u>2024</u>
Members' contributions receivables	P 25,214,077	P	25,154,159
Accounts receivable - others	133,732		54,466
Advances to officers and employees	<u>-</u>		<u>56,369</u>
	<u>P 25,347,809</u>	P	<u>25,264,994</u>

These accounts are presented in the statements of financial condition as follows:

	<u>2025</u>		<u>2024</u>
Current	P 133,732	P	110,835
Non-current	<u>25,214,077</u>		<u>25,154,159</u>
	<u>P 25,347,809</u>	P	<u>25,264,994</u>



Members' contributions receivables represent automatic contributions applied by the Association, as provided for in the membership certificates, to cover contributions due but unpaid within the grace period. These receivables, together with the corresponding interest, are payable on or before the members' next contribution due date. If unpaid, both the outstanding receivable and accrued interest are capitalized and treated as a new receivable on the next due date, at which point interest is charged based on the rate determined by the actuary in effect at that time. Interest income earned on these receivables amounted to P3,560,111 and P2,868,385 for the years ended December 31, 2025 and 2024, respectively. The related interest income is presented as part of members' contributions under Premiums and contributions account in the statements of operations (*see Note 16*).

Accounts receivable – others pertain to Social Security System (SSS) maternity benefits advanced by the Association to employees, which are subject to reimbursement from the SSS.

Advances to officers and employees represent duly approved cash advances granted for official business purposes. These advances are subject to liquidation and settlement in accordance with the Association's established policies.

No provision for impairment loss was recognized during the year since the management believes that these receivables are all collectible.

6. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

This account pertains to investment in Unit Investment Trust Funds – BPI Bayanihan Fund (UITF-BBF).

The movement of this account is as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 9,464,697	P 9,069,628
Additions	<u>481,320</u>	<u>395,069</u>
Balance at end of year	<u>P 9,946,017</u>	<u>P 9,464,697</u>

The investment income on this financial asset at fair value through profit or loss amounting to P481,320 and P395,069 in 2025 and 2024, respectively, is presented as part of Interest income (*see Note 17*).



7. FINANCIAL ASSET AT AMORTIZED COST

This account pertains to the following:

	<u>2025</u>	<u>2024</u>
Treasury bills (T-bills)	P 42,500,000	P 38,600,000
Unamortized premium (discount)	<u>191,031</u>	<u>1,703,616</u>
	<u>P 42,691,031</u>	<u>P 40,303,616</u>

The T-Bills pertain to investment in government securities with terms ranging from 3 to 10 years and bears an annual effective interest of 2.63% in 2025 and 2024. The interest earned on this financial asset at amortized cost amounted to P2,686,538 in 2025 and P1,289,504 in 2024 is presented as part of Interest income (see Note 17).

The above investments were set aside in compliance with the Association's registration as a mutual benefit Association.

8. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation at the beginning and end of 2025 and 2024 are shown below:

	<u>Office Equipment</u>	<u>IT Equipment</u>	<u>Leasehold Improvement</u>	<u>Total</u>
December 31, 2025				
Cost	P 1,871,135	P 4,360,000	P 569,088	P 6,800,223
Accumulated depreciation	(1,426,583)	(1,183,868)	(64,549)	(2,675,000)
Net carrying amount	<u>P 444,552</u>	<u>P 3,176,132</u>	<u>P 504,539</u>	<u>P 4,125,223</u>
December 31, 2024				
Cost	P 1,507,923	P 4,206,700	P -	P 5,714,623
Accumulated depreciation	(1,226,591)	(858,367)	-	(2,084,958)
Net carrying amount	<u>P 281,332</u>	<u>P 3,348,333</u>	<u>P -</u>	<u>P 3,629,665</u>
January 1, 2024				
Cost	P 1,253,205	P 4,021,900	P -	P 5,275,105
Accumulated depreciation	(1,049,766)	(642,516)	-	(1,692,282)
Net carrying amount	<u>P 203,439</u>	<u>P 3,379,384</u>	<u>P -</u>	<u>P 3,582,823</u>



The reconciliation of the carrying amounts at the beginning and end of 2025 and 2024 of property and equipment is shown below:

	<u>Office Equipment</u>	<u>IT Equipment</u>	<u>Leasehold Improvement</u>	<u>Total</u>
Balance at January 1, 2025, net of accumulated depreciation and amortization	P 281,332	P 3,348,333	P -	P 3,629,665
Additions	363,212	153,300	569,088	1,085,600
Depreciation and amortization for the year (see Note 18)	(199,992)	(325,501)	(64,549)	(590,042)
Balance at December 31, 2025, net of accumulated depreciation and amortization	<u>P 444,552</u>	<u>P 3,176,132</u>	<u>P 504,539</u>	<u>P 4,125,223</u>
	<u>Office Equipment</u>	<u>IT Equipment</u>	<u>Leasehold Improvement</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 203,439	P 3,379,384	P -	P 3,582,823
Additions	254,718	184,800	-	439,518
Depreciation and amortization for the year (see Note 18)	(176,825)	(215,851)	-	(392,676)
Balance at December 31, 2024, net of accumulated depreciation and amortization	<u>P 281,332</u>	<u>P 3,348,333</u>	<u>P -</u>	<u>P 3,629,665</u>

As at December 31, 2025 and 2024, there was no property and equipment pledged as collateral for liabilities. There were no expenses recognized related to impairment in both years.

9. LIABILITY ON INDIVIDUAL EQUITY VALUE

This pertains to fifty percent (50%) of the basic contribution. In accordance with the provisions of the Insurance Code, every outstanding membership certificate must have, after three (3) full years of being continuously in force, an equity value of at least 50% of the total membership dues collected from the members. The equity is payable to the members upon the termination of their membership in the Association. In accordance with the same provisions of the Insurance Code, the Association is required to put up a reserve liability not lower than the equity value of all in-force, active certificates as at the end of each calendar year.

The movement of liability on individual equity value is presented below



Balance at beginning of year:

	2025		2024
Balance at beginning of year	P 39,844,485	P	40,852,726
Collections during the year	15,473,715		13,763,635
Withdrawals during the year	(5,117,436)	(	4,589,578)
Withdrawals of delisted accounts during the year	(9,408,523)	(	10,182,298)
Balance at end of year	P 40,792,241	P	39,844,485

The individual equity value shall earn interest as declared by the Association but in no case lower than the average deposit interest rate that the top three (3) banks in the country offer for their savings deposit. The equity value shall also share in the divisible surplus, if any, of the Association. The Association declared an annual interest of 2% in 2025 and 2024. Total interest expense amounted to P2,633,043 and P2,535,620 in 2025 and 2024, respectively, presented as part of Increase (decrease) in liability on individual equity value (see Note 18).

10. MEMBERS' CONTRIBUTIONS RECEIVED IN ADVANCE

This account represents members' contributions received which is not yet due/earned amounting to P2,867,755 and P2,937,419 as at December 31, 2025 and 2024, respectively. These amount is recognized as revenue in the next reporting period as the related contributions become due.

11. CLAIMS PAYABLE ON BASIC CONTINGENT BENEFIT

This account represents the sum of the individual claims on the membership certificate amounting to P2,842,057 and P1,817,156 as at December 31, 2025 and 2024, respectively, that have already occurred but on which notice has not yet been received by the Association. This estimate takes into account any policy reserve liability set up by the Association and any amount recoverable from the reinsurers. During the year, claims benefit payables have already been settled.

12. OPTIONAL BENEFIT RESERVE

Optional life insurance benefit reserve represents the total actuarial reserve set up by the Association pertaining to the policies under optional benefit that is in force as at the end of the reporting period. It refers to the amount of liability that the Association establishes for an optional policy to meet the contractual obligation as it falls due. Actuarial valuations were performed to determine if the reserve is enough to cover this obligation, its actuarial report were dated March 3, 2026 and March 7, 2025, for the years 2025 and 2024, respectively.



The movement in optional life insurance benefit reserve is presented below:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 10,256,538	P 10,658,694
Increase (decrease) in actuarial valuation (see Note 19)	<u>2,179,873</u>	<u>(402,156)</u>
Balance at end of year	<u>P 12,436,411</u>	<u>P 10,256,538</u>

13. CLAIMS PAYABLE ON OPTIONAL BENEFIT

This account represents the sum of the individual claims on optional policies that have already occurred but on which notice has not yet been received by the Association amounting to P3,178,653 and P2,304,336 as at December 31, 2025 and 2024, respectively. This estimate takes into account any policy reserve liability set up by the Association and any reinsurers.

14. BASIC CONTINGENT BENEFIT RESERVE

This represents the total actuarial reserve set up by the Association pertaining to the basic life benefit that is in force at the end of the accounting period. It refers to the amount of liability that the Association establishes for a certificate to meet the contractual obligation as it fails due. Actuarial valuations were performed to determine the reserve, its actuarial report were dated March 3, 2026 and March 7, 2025, for the years 2025 and 2024, respectively.

The movement in the basic life insurance benefit reserve is presented below:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 1,955,672	P 1,861,153
Increase in actuarial valuation (see Note 19)	<u>97,888</u>	<u>94,519</u>
Balance at end of year	<u>P 2,053,560</u>	<u>P 1,955,672</u>



15. OTHER PAYABLES

This account consists of the following:

	<u>2025</u>	<u>2024</u>
Accrued expenses	P 3,107,973	P 3,614,533
SSS, Pag-ibig and Philhealth contribution payable	40,476	38,741
Withholding tax payable	35,591	37,239
Accounts payable - others	<u>6,629,168</u>	<u>6,120,382</u>
	<u>P 9,813,208</u>	<u>P 9,810,895</u>

Accrued expenses pertain to accruals of professional fees and other unpaid benefits of the Association’s employees which are normally settled within one to three months after the end of the reporting period.

SSS, Pag-ibig, and Philhealth contributions payable and withholding tax payable pertain to statutory payables to BIR and other government agencies which are remitted at an average term of 10-25 days after the end of the financial reporting period.

Accounts payable - others pertain to unidentified deposits, advance payments, employee’s dues, wrong deposit, equity value of retired members and commission payable.

16. PREMIUMS AND CONTRIBUTIONS

The account consists of the following:

	<u>2025</u>	<u>2024</u>
Members’ contributions	P 43,210,934	P 35,515,394
Premiums	26,973,832	22,787,082
Premiums ceded to reinsurers-micro	<u>(3,963,938)</u>	<u>(2,666,692)</u>
	<u>P 66,220,828</u>	<u>P 55,635,784</u>

Members’ contributions represent considerations given by the member in exchange for the promises of the Association to pay a stipulated sum in the event of a loss covered under the basic benefits indicated in the Internal Rules and Regulations (IRR) of the Association and/or membership certificates. Upon membership in the Association and contribution due dates thereafter, each Member shall pay monthly contributions of P30, the mode of payment shall be as chosen by the Member in his application form. The Member may change the mode of payment by submitting a written notice to the Association. The contribution due dates shall be based on the effective date of membership and the mode of payment chosen.

Premiums represent considerations given by the insured in exchange for the promises of the Association to pay, a stipulated sum in the event of a loss covered under the optional insurance contract of the Association.



17. INTEREST INCOME

The account consists of the following:

	<u>2025</u>		<u>2024</u>
Interest income:			
Cash equivalent (<i>see Note 4</i>)	P 17,017	P	11,710
Financial asset at amortized cost (<i>see Note 7</i>)	2,686,538		1,289,504
Short-term financial asset	-		287,696
Investment income (<i>see Note 6</i>)	<u>481,320</u>		<u>395,069</u>
	<u>P 3,184,875</u>	P	<u>1,983,979</u>

18. EXPENSES

Benefit Expenses

The composition of this account is as follows:

	<u>2025</u>		<u>2024</u>
Net benefits/claims- optional Benefits	P 9,972,721	P	8,256,496
Net benefits/claims - optional - Micro	7,830,616		4,127,466
Net benefits/claims- basic benefits Benefits/claims - basic benefits (burial)	<u>2,622,881</u>		<u>1,261,301</u>
	<u>338,000</u>		<u>254,000</u>
	<u>P 20,764,218</u>	P	<u>13,899,263</u>

Benefits expenses represents the aggregate losses and claims, including a refund of equity value, if any, against the Association arising from the certificates and insurance contracts issued to members. This can be further classified into basic and optional premiums.



Other Benefit Expenses

Below are the details of other benefit expenses:

	<u>2025</u>		<u>2024</u>
Membership enrollment and marketing expenses	P 10,037,590	P	10,578,809
Increase in liability on individual equity value (see Note 9)	10,023,540		7,896,611
Increase (decrease) in reserve for optional benefit (see Note 13)	2,179,873	(	402,156)
Increase in basic contingent benefit reserve (see Note 14)	97,888		94,519
Other expenses for members	<u>172,300</u>		<u>135,000</u>
	<u>P 22,511,191</u>	<u>P</u>	<u>18,302,783</u>

Operating Expenses

The details of this account are shown below:

	<u>2025</u>		<u>2024</u>
Salaries, wages and other employee benefits (see Note 19)	P 8,373,999	P	8,817,489
Meetings and conferences	2,624,333		1,635,053
Utilities	1,555,777		1,054,098
Taxes, licenses and fees (see Note 28)	1,137,186		41,400
Annual general assembly	1,035,991		1,028,998
Technical and professional fees	645,433		501,132
Depreciation (see Note 9)	590,042		392,676
Travel expenses	564,095		1,148,940
Dues and subscription	304,110		50,250
Professional and technical Development	252,222		1,975,999
Social and community service	120,000		163,824
Representation	92,071		642,906
Office supplies	46,531		179,227
Repairs and maintenance	17,383		20,731
Investment management fees	12,000		33,114
Bank and other charges	9,610		14,017
Insurance	6,734		5,986
Rental (see Note 23)	5,263		63,158
Miscellaneous	<u>132,683</u>		<u>82,540</u>
	<u>P 17,525,463</u>	<u>P</u>	<u>17,851,538</u>



19. EMPLOYEE BENEFITS

Expenses recognized for salaries and employee benefits are presented below:

	<u>2025</u>		<u>2024</u>
Salaries and employee benefits	P 972,093	P	5,771,025
Employee welfare and benefits	1,420,175		2,025,026
Post-employment benefit costs	431,150		538,637
Social security costs	<u>550,581</u>		<u>482,801</u>
	<u>P 8,373,999</u>	P	<u>8,817,489</u>

Post-Employment Benefits

The Board of Trustees duly approved the adoption of the *Republic Act (R.A.) No. 7641*, the provision on providing retirement benefits to its employees. The Association's pension liability amounted to P2,540,495 and P2,206,023 as at December 31, 2025 and 2024, respectively.

Actuarial valuations were performed on January 20, 2026 and January 14, 2025 for the years ended December 31, 2025 and 2024, respectively, to determine the retirement benefits obligation to be recognized in accordance with the Philippine Accounting Standards No. 19 (PAS 19) as revised and to determine appropriate amounts for funding.

The Projected Unit Credit (PUC) method of valuation was used. The discount rate used was 6.11% and 6.09% p.a. in 2025 and 2024, respectively, which was based on approximated zero-coupon yield of government bonds with the remaining period to maturity approximating the estimated average duration of benefit payment. The average duration is estimated to be 18 years.

To approximate the zero-coupon yield for a given period to maturity, the Philippine Bloomberg Valuation reference rate as published by the Philippines Dealing System Group with the same period to maturity was simply adopted. This approximation method is based on the principle that zero-coupon bond yields could be higher or lower than the coupon-paying bond yields depending on interest rate outlook and Investors' liquidity requirements as shown by a study of actual market transactions and thus, such rates should be close on the average. All other popular methods produce results consistently lower or high than the coupon-paying yield given a normal yield curve. The salary increase rate was assumed at 5.00% per annum in 2025 and 2024 taking into consideration the prevailing inflation rate and Association policy.



The movement in the net liability recognized in the financial condition is presented as follows:

	<u>2025</u>	<u>2024</u>
Balance at beginning of year	P 2,206,023	P 1,652,112
Post-employment benefit cost	431,150	538,637
Remeasurement of net defined Liability	(96,678)	15,274
Balance at end of year	<u>P 2,540,495</u>	<u>P 2,206,023</u>

The changes in the present value of defined benefit obligation are presented as follows:

	<u>2025</u>	<u>2024</u>
Present value of defined benefit Liability	P 2,206,023	P 1,807,036
Current service cost	296,362	273,665
Net interest in the net defined benefit liability	134,788	110,048
Remeasurement of net defined benefit liability	(96,678)	15,274
Benefit paid	-	-
	<u>P 2,540,495</u>	<u>P 2,206,023</u>

The components of amounts recognized in statements of operations in respect of the defined benefit post-employment plan are as follows:

	<u>2025</u>	<u>2024</u>
<i>Reported in profit or loss:</i>		
Service cost	P 296,362	P 428,589
Interest cost	134,788	110,048
	<u>P 431,150</u>	<u>P 538,637</u>
<i>Reported in comprehensive revenues:</i>		
Actuarial (gain) loss due to liability experience	(P 96,678)	P 15,274
Losses on return on plan assets	-	-
	<u>(P 96,678)</u>	<u>P 15,274</u>



20. TAX EXPENSE

As mentioned in Note 1, the Association is exempt from the payment of income tax under Section 30c of the National Internal Revenue Code.

21. FUND BALANCE

Assigned Fund Balance

This account consists of reserves of the following:

		<u>2025</u>		<u>2024</u>
Guaranty fund	P	32,614,826	P	29,106,160
Members' benefits		<u>1,231,586</u>		<u>1,231,586</u>
	P	<u>33,846,412</u>	P	<u>30,337,746</u>

The reconciliation of the assigned fund balance is presented below:

		<u>2025</u>		<u>2024</u>
Balance at beginning of year	P	30,337,746	P	27,422,622
Reserves for the year		<u>3,508,666</u>		<u>2,915,124</u>
Balance at end of year	P	<u>33,846,412</u>	P	<u>30,337,746</u>

Fund Assigned for Guaranty Fund

In compliance with Sec. 405 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013), the Association has constituted and established a guaranty fund which is deposited with the Insurance Commission as a primary requirement for a license to operate of every mutual benefits association. Any accrual to such fund, be it interest earned or dividend additions on money or securities so deposited, may, be withdrawn by the Association if there is no pending benefit claim against it, including interest thereon or dividend additions.

Any increase in the guaranty fund must be in accordance with Sec. 410 of the Insurance Code of the Philippines (as amended by R.A. No. 10607, dated August 15, 2013) wherein every mutual benefit association must accumulate and maintain, out of periodic dues collected from its members, sufficient reserves for the payment of claims or obligations. Also, a reserve liability shall be established in accordance with actuarial procedures and shall be approved by the Commissioner.

Net contributions from members set up by the Association amounted to P3,508,666 and P2,915,124 in 2025 and 2024, respectively.

Fund Assigned for Members' Benefits

This fund is set aside for the benefit of the members of the Association.



Revaluation Surplus

The Association's revaluation surplus pertain to remeasurements of the post-employment defined benefit plan amounting to P82,954 and (P13,724) as at December 31, 2025 and 2024, respectively.

22. RELATED PARTY TRANSACTIONS AND RELATIONSHIP

The Association's related parties include the Association's key management personnel.

The Association's transactions and outstanding balance with its related parties follows:

	2025		2024	
	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>	<u>Amount of Transactions</u>	<u>Outstanding Balance</u>
Key Management Compensation	<u>P 1,083,848</u>	<u>P -</u>	<u>P 832,034</u>	<u>P -</u>

Key management refer to the President of the Association.

The compensation of key management personnel pertains mainly to short-term benefits amounting to P1,083,848 in 2025 and P832,034 in 2024.

23. COMMITMENTS AND CONTINGENCIES

Lease Commitment

The Association entered into a lease agreement for its office space. The lease has a term of one year renewable at the expiration of the contract as mutually agreed by the lessor. The Association has elected not to recognize a lease liability on short-term leases. Payments made under such leases are expensed on a straight-line basis. Total rentals from this operating lease amounted to P5,263 and P63,158 in 2025 and 2024, respectively (see Note 18).

Others

In the normal course of business, the Association makes various commitments and incurs certain contingent liabilities that are not given recognition in the Association's financial statements. As at December 31, 2025 and 2024, management believes that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Association's financial statements.

24. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to a variety of financial risks in relation to financial instruments. The Association's financial assets and liabilities by category are summarized in Note 27. The main types of risks are market risk, credit risk and liquidity risk.



The management takes charge of the Association's overall risk management strategies which are focused on actively monitoring and securing the Association's short to medium-term cash flows by minimizing exposure to financial markets.

The Association does not engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Association is exposed are described below.

Market Risk

The Association is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks which result from both its operating and investing activities.

a. Foreign Currency Sensitivity

The Association has no significant exposure to foreign currency risks as most transactions are denominated in the Philippine peso, its functional currency.

b. Interest Rate Sensitivity

The Association's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Association is exposed only to changes in market interest rates through its cash and cash equivalents, a financial asset at amortized cost and other funds and deposits as there are no existing bank borrowings. All other financial assets (such as membership contribution receivables) and financial liabilities (such as accounts payable and members' deposits) have fixed interest rates.

The table below illustrates the sensitivity of the Association's impact on profit or loss before tax and equity to a reasonably possible change in interest rates of +/- 1.82% and +/-1.90% in 2025 and 2024, respectively. These changes are considered to be reasonably possible based on the observation of current market conditions. The calculations are based on a change in the average market interest rate for each period and the financial instruments held at the end of each reporting period that is sensitive to changes in interest rates. All other variables are held constant.

		2025		2024	
		+182	-182	+190	-190
Impact on profit and loss	P	8,761,437	(P 8,761,437)	P 7,703,882	(P 7,703,882)
Impact on equity	P	7,009,150	(P 7,009,150)	P 5,777,912	(P 5,777,912)

c. Other Price Risk Sensitivity

Price risk is the risk that the Association incurs losses due to changes in market values of financial instruments arising from movements in market prices.

As at December 31, 2025 and 2024, the Association has minimal exposure to price risk since the financial instruments held by the Association mostly pertains to cash in banks, short-term investment, membership contribution receivables, and other financial liabilities which are not affected by movements in market prices.



Credit Risk

Credit risk is the risk that the counterparty fails to discharge an obligation to the Association. The Association is exposed to this risk for various financial instruments, for example by membership contribution receivables of members and placing deposits and investments in bonds.

An analysis of the maximum exposure to credit risk, net of allowance for credit and impairment losses, to credit risk exposures before taking into account any collateral held or other credit enhancements for the components of the statements of financial condition is shown below:

		2025		2024
Cash and cash equivalents	P	47,912,262	P	37,266,005
Receivables		25,347,809		25,264,994
Financial asset at fair value through profit or loss		9,946,017		9,464,697
Financial assets at amortized cost		42,691,031		40,303,616
	P	125,897,119	P	112,299,312

The credit risk for cash and cash equivalents and, short-term placement is considered negligible since the counterparties are reputable banks with high-quality external credit ratings. Financial assets at an amortized cost measured at amortized cost and FVPTL are considered to have low credit risk. Management considers low credit risk for listed bonds to be an investment-grade credit rating with at least one major rating agency. Deposits with banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1,000,000 for every depositor per banking institution. Financial asset at amortized cost consists of T-bills issued by the Philippine government, hence low credit risk. The Association is considered to have low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

In respect of receivables, the Association is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about members' default rates, management considers the credit quality of receivables that are not past due or impaired to be good.

The Association applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all receivables. To measure the expected credit losses accounts receivable have been grouped based on shared risk characteristics and days past due. As at December 31, 2025, and 2024, no past due on receivables. None of the receivables is impaired.



Liquidity Risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Association’s inability to meet its obligations when they fall due without incurring unacceptable losses or costs.

The Association’s Management Committee is responsible for the overall management and oversight of the Association’s liquidity profile, while the day-to-day management of liquidity is assumed by the Finance Department. A cash flow mismatch analysis is used to measure the Association’s liquidity. A maturity ladder is constructed to determine the cumulative net excess or deficit of funds at appropriate time bands. Net cumulative outflow limits have been put in place to ensure that the Association’s funding requirements are not strained.

The tables below summarize the maturity profile of the Association’s financial instruments:

	2025				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial assets:					
Cash and cash equivalents	P 47,231,034	P 681,228	P -	P -	P 47,912,262
Receivables	133,732	-	-	25,214,077	25,347,809
Financial asset at fair value through profit or loss	9,946,017	-	-	-	9,946,017
Financial asset at amortized cost	-	-	-	42,691,031	42,691,031
	<u>P 57,310,783</u>	<u>P 681,228</u>	<u>P -</u>	<u>P 67,905,108</u>	<u>P 125,897,119</u>
Financial liabilities:					
Liability on individual equity value	P 40,792,241	P -	P -	P -	P 40,792,241
Members’ contributions received in advance	2,867,755	-	-	-	2,867,755
Claims payable on basic contingent benefit	2,842,057	-	-	-	2,842,057
Optional benefit reserve	12,436,411	-	-	-	12,436,411
Claims payable on optional contingent benefit	3,178,653	-	-	-	3,178,653
Basic life insurance benefit reserve	2,053,560	-	-	-	2,053,560
Other payables	-	9,737,141	-	-	9,737,141
	<u>P 64,170,677</u>	<u>P 9,737,141</u>	<u>P -</u>	<u>P -</u>	<u>P 73,907,818</u>
Cumulative gap	<u>(P 6,859,894)</u>	<u>(P 9,055,913)</u>	<u>P -</u>	<u>P 67,905,108</u>	<u>P 51,989,301</u>



	2024				
	On Demand	Less than 3 Months	3 to 12 Months	Over 1 Year	Total
Financial assets:					
Cash and cash equivalents	P 36,585,425	P 680,579	P -	P -	P 37,266,004
Receivables	110,835	-	-	25,154,159	25,264,994
Financial asset at fair value through profit or loss	9,464,697	-	-	-	9,464,697
Financial asset at amortized cost	-	-	-	40,303,616	40,303,616
	<u>P 46,160,957</u>	<u>P 680,579</u>	<u>P -</u>	<u>P 65,457,775</u>	<u>P 112,299,311</u>
Financial liabilities:					
Liability on					
individual equity value	P 39,844,485	P -	P -	P -	P 39,844,485
Members' contributions received in advance	2,937,419	-	-	-	2,937,419
Claims payable on basic contingent benefit	1,817,156	-	-	-	1,817,156
Optional benefit reserve	10,256,538	-	-	-	10,256,538
Claims payable on optional benefit	2,304,336	-	-	-	2,304,336
Basic contingent benefit reserve	1,955,672	-	-	-	1,955,672
Other payables	-	9,734,915	-	-	9,734,915
	<u>P 59,115,606</u>	<u>P 9,734,915</u>	<u>P -</u>	<u>P -</u>	<u>P 68,850,521</u>
Cumulative gap	<u>(P 12,954,649)</u>	<u>(P 9,054,336)</u>	<u>P -</u>	<u>P 65,457,775</u>	<u>P 43,448,790</u>

To ensure that the Association maintains a prudent management level of the cumulative negative gap, the Association maintains a pool of highly liquid assets in the form of short-term investments.



25. FAIR VALUE MEASUREMENT AND DISCLOSURES

Carrying Amounts and Fair Values by Category of Financial Assets

The following tables set forth the carrying values and estimated fair values of financial assets and liabilities, by category and by class, recognized as at December 31, 2025 and 2024:

	2025		2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial assets:</i>				
Cash and cash equivalents	P 47,231,034	P 47,231,034	P 37,266,005	P 37,266,005
Receivables	25,347,809	25,347,809	25,264,994	25,264,994
Financial asset at fair value through profit or loss	9,946,017	9,946,017	9,464,697	9,464,697
Financial assets at amortized cost	<u>42,691,031</u>	<u>42,691,031</u>	<u>40,303,616</u>	<u>40,303,616</u>
	<u>P 125,215,891</u>	<u>P 125,215,891</u>	<u>P 112,299,312</u>	<u>P 112,299,312</u>
<i>Financial Liabilities:</i>				
Liability on individual equity value	P 40,792,240	P 40,792,240	P 39,844,485	P 39,844,485
Members' contributions received in advance	2,867,755	2,867,755	2,937,419	2,937,419
Claims payable on basic basic contingent benefit	2,842,057	2,842,057	1,817,156	1,817,156
Optional benefit reserve	12,436,412	12,436,412	10,256,538	10,256,538
Claims payable on optional Benefit	3,178,654	3,178,654	2,304,336	2,304,336
Basic contingent benefit reserve	2,053,561	2,053,561	1,955,672	1,955,672
Other payables	<u>9,737,141</u>	<u>9,737,141</u>	<u>9,734,915</u>	<u>9,734,915</u>
	<u>P 73,907,820</u>	<u>P 73,907,820</u>	<u>P 68,850,521</u>	<u>P 68,850,521</u>

The methods and assumptions used by the Association in estimating the fair value of the financial instruments are as follows:

i. *Cash and cash equivalents*

The carrying amounts approximate fair values given the short-term nature of the instruments.

ii. *Receivables and Financial Asset at Amortized Cost*

The estimated fair value of receivables and financial asset at amortized cost represents the discounted amount of estimated future cash flows expected to be received. Long-term receivables are periodically repriced at interest rates equivalent to the current market rates, to determine fair value.

iii. *Financial Asset at FVTPL*

Financial assets at FVTPL are initially recognized at fair value. Transaction costs are recognized in profit or loss as incurred. Subsequently, these financial assets are measured at fair value, with changes in fair value recognized in profit or loss.



iv. Liability on Individual Equity Value, Claims Payable on Optional Benefit, Claims Payable on Basic Contingent Benefit and Other Payables

These liabilities are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method. Fair value of these liabilities approximates their carrying values.

v. Optional Benefit Reserve and Contingent Benefit Reserve

These liabilities are recognized initially at their fair value and subsequently measured based on actuarial valuation.

Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS Accounting Standards, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the resource or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For financial assets and liabilities which do not have quoted market price, the fair value is determined by using generally accepted pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Association uses a valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

There have been no significant transfers among Levels 1, 2 and 3 in the reporting periods. Financial asset at FVTPL is categorized at Level 2. There were no financial liabilities measured at fair value as at December 31, 2025 and 2024.



Fair Value Measurement for Non-financial Assets

There were non-financial assets measured at fair value as at December 31, 2025 and 2024.

26. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Association’s capital management objectives are to ensure the Association’s ability to continue as a going concern and to provide an adequate return to members by pricing products and services commensurately with the level of risk.

The Association sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Association manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association may adjust the amount of dividends paid to members or sell assets to reduce debt.

The Association monitors capital on the basis of the carrying amount of equity as presented on the face of the statements of financial condition. Capital for the reporting periods under review is summarized as follows:

	2025		2024
Total liabilities	P 76,524,380	P	71,132,524
Total equity	53,497,962		44,796,453
Debt-to-equity ratio	1.43:1.00		1.59:1.00

Risk-Based Capital (RBC) Requirements

On December 8, 2006, the IC issued Insurance Memorandum Circular (IMC) No. 11-2006, *Adoption of Risk-Based Capital Framework For The Philippine Mutual Benefit Associations*, prescribes that all Mutual Benefit Association (MBA) must satisfy the minimum statutory RBC ratio of 100% and not fail the trend test as stated under II.A.2 of the IC Memorandum.

Every MBA is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that:

- a. The RBC ratio is less than 125% but is not below 100%
- b. The RBC ratio has decreased over the past year
- c. The difference between the RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The Association is complied with the RBC ratio in 2025 and 2024.



27. NON-ADMITTED ASSETS AND LIABILITIES

Pursuant to Section 197 of the Insurance Code, certain assets are classified and presented as non-admitted assets which consist of the following:

	<u>2025</u>	<u>2024</u>
Property and equipment	<u>P 949,091</u>	<u>P 281,332</u>

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and on the succeeding page are the supplementary information that is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulation to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards for MBAs.

Requirements under Revenue Regulations (RR) 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

a. *Output Value-added Tax (VAT)*

The Association does not have output VAT for the year since there were no transactions subject to VAT.

b. *Input VAT*

Input VAT arising from various purchases was directly charged by the Association as cost and expense.

c. *Tax on Importation*

The Association has no tax on importation since it does not have any transactions which are subject to importation tax.

d. *Excise Tax*

The Association does not have excise tax in any of the years presented since it does not have any transactions which are subject to the excise tax.

e. *Documentary Stamp Tax*

The Association did not incur for documentary stamp tax for the year 2025.



f. *Taxes and Licenses*

The details of taxes and licenses account are broken down as follows:

Business permits	P	26,267
Others		<u>1,110,919</u>
	P	<u>1,137,186</u>

g. *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2025 are shown below:

Compensation	P	34,275
Expanded		<u>1,316</u>
	P	<u>35,591</u>

h. *Deficiency Tax Assessment and Tax Case*

As at December 31, 2025, the Association neither has any deficiency tax assessment with the BIR nor tax case outstanding or pending in-courts or bodies outside the BIR in any of the open years.

Requirements under Revenue Regulations (RR) 34-2020

On December 18, 2020, the BIR issued RR 34-2020 which prescribes the guidelines and procedures for the submission of BIR Form No. 1709, *Transfer Pricing Documentation (TPD)* and other supporting documents. As at December 31, 2025, the Association is not covered by the requirements and procedures for related party transactions provided under this RR.



Bureau of Internal Revenue
Republic of the Philippines

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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 007-283-700-000
Name	: NATCCO MBAI
RDO	: 040
Form Type	: 1702EXV2018
Reference No.	: 472600071767054
Amount Payable (Over Remittance)	: 0.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2025
Date Filed	: 04/06/2026
Tax Type	: IT

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Guidelines and Instructions
 Reference No : 472600071767054
 Date Filed: April 06, 2026 04:19 PM
 Batch Number :



Republic of the Philippines
 Department of Finance
 Bureau of Internal Revenue

For BIR Use Only BCS/Item

BIR Form No. 1702-EX January 2018 (ENCs) v2 Page 1	<h2 style="margin:0;">Annual Income Tax Return</h2> <p style="font-size: small; margin:0;">Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income]</p> <p style="font-size: x-small; margin:0;">Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".</p> <p style="font-size: x-small; margin:0;">Two copies MUST be filed with the BIR and one held by the taxpayer.</p>	<p style="font-size: x-small; margin:0;">1702-EX 01/18ENCs v2 P1</p>
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1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) 12 - 2025	3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	5 Alphanumeric Tax Code (ATC) <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:20%;">IC 011</td> <td style="width:60%;">Exempt Corporation on Exempt Activities</td> <td style="width:20%; text-align: center;"><input checked="" type="checkbox"/></td> </tr> <tr> <td>IC 021</td> <td>General Professional Partnership</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	IC 011	Exempt Corporation on Exempt Activities	<input checked="" type="checkbox"/>	IC 021	General Professional Partnership	<input type="checkbox"/>
IC 011	Exempt Corporation on Exempt Activities	<input checked="" type="checkbox"/>							
IC 021	General Professional Partnership	<input type="checkbox"/>							

Part I - Background Information

6 Taxpayer Identification Number (TIN) 007 - 283 - 700 - 000	7 RDO Code 040
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) NATCCO MBAI	
9 Registered Address (Indicate complete address. If the registered address is different from the current address, go to the RDO to update registered address by using BIR Form No. 1905) 227 J.P RIZAL ST BRGY. BAYANIHAN QUEZON CITY 9A Zip Code 1109	
10 Date of Incorporation/Organization (MM/DD/YYYY) 04/24/2009	11 Contact Number 9137011
12 Email Address nmbai.accounting@nmbainsurance.com	
13 Method of Deduction <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]	
14 Legal Basis of Tax Relief/Exemption (Specify) SECTION 30 (C)	15 Investment Promotion Agency (IPA)/Government Agency NA
16 Registered Activity/Program (Registration Number) 2009-24-0	17 Effectivity Date of Tax Relief/Exemption (MM/DD/YYYY) From 04/24/2009 To 04/24/2059

Part II - Total Tax Payable

(Do NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

18 Tax Due (From Part IV Item 41)	0
19 Less: Total Tax Credits/Payments (From Part IV Item 50)	0
20 Total (Overpayment) (Item 18 Less Item 19) (From Part IV Item 51)	0
21 Add Penalty - Compromise	0
22 TOTAL AMOUNT PAYABLE (Sum of Items 20 & 21)	0

If overpayment, mark one (1) box only. (Once the choice is made, the same is irrevocable)

To be refunded To be issued a Tax Credit Certificate (TCC) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury that this return, and all its attachments, have been made in good faith, verified by us, and to the best of our knowledge and belief, are true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If signed by an Authorized Representative, indicate TIN and attach authorization letter)

MINERVA TEJADA Signature over Printed Name of President/Principal Officer/ Authorized Representative	 ROMEO M. MAEDAONG Signature over Printed Name of Treasurer/ Assistant Treasurer	23 Number of Attachments 0
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Title of Signatory	TIN	147-719-912-000	Title of Signatory	TIN
--------------------	-----	-----------------	--------------------	-----

Part III - Details of Payment

Details of Payment	Drawee Bank/ Agency	Number	Date (MM/DD/YYYY)	Amount
24 Cash/Bank Debit Memo	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
25 Check	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
26 Tax Debit Memo	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
27 Others (Specify Below)				
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Machine Validation/Revenue Official Receipt Details (if not filed with an Authorized Agent Bank)	Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)
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BIR Form No. 1702-EX January 2018 (ENCS) v2 Page 2	<h2 style="margin:0;">Annual Income Tax Return</h2> <p style="font-size: small; margin:0;">For Use ONLY by Corporation, Partnership and Other Non-Individual Taxpayer EXEMPT Under the Tax Code, as Amended, [Sec. 30 and those exempted in Sec. 27(C)] and Other Special Laws, with NO Other Taxable Income</p>	<p style="font-size: x-small; margin:0;">1702-EX 01/19ENCS v2 P2</p>
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TIN	Registered Name
007 - 283 - 700 - 000	NATCCO MBAI

Part IV - Computation of Tax		(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)
28 Sales/Revenues/Receipts/Fees	66,220,828	
29 Less: Sales Returns, Allowances and Discounts	0	
30 Net Sales/Receipts/Revenues/Fees (Item 28 Less Item 29)	66,220,828	
31 Less: Cost of Sales/Services	0	
32 Gross Income from Operation (Item 30 Less Item 31)	66,220,828	
33 Add: Other Income	0	
34 Total Gross Income (Sum of Item 32 and 33)	66,220,828	
Less: Deductions Allowable under Existing Law		
A. Itemized Deductions		
35 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	60,369,722	
36 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
37 Total Itemized Deductions (Sum of Items 35 and 36)	60,369,722	
B. Optional Standard Deduction (OSD)		
38 OSD (40% of Item 34)(applicable to GPP per RA No. 10963)	0	
39 Net Income/(Loss) (If Itemized: Item 34 Less Item 37; If OSD: Item 34 Less Item 38)	5,851,106	
40 Income Tax Rate	0 %	
41 Tax Due (Item 39 X Item 40) (To Part II Item 18)	0	
Less: Tax Credits/Payments (attach proof)		
42 Prior Year's Excess Credits	0	
43 Income Tax Payment from Previous Quarter/s	0	
44 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	0	
45 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	0	
46 Foreign Tax Credits, if applicable	0	
47 Tax Paid in Return Previously Filed, if this is an Amended Return	0	
Other Tax Credits/Payments (specify)		
48	0	
49	0	

	<input type="button" value="Add"/> <input type="button" value="Delete"/> <input type="button" value="Attach"/>
50 Total Tax Credits/Payments(Sum of Items 42 to 49)(To Part II Item 19)	0
51 Total (Overpayment) (Item 41 Less Item 50)(To Part II Item 20)	0

Part V - Tax Relief Availment	
52 Regular Income Tax Otherwise Due (Item 39 of Part IV x Applicable Income Tax Rate)	1,462,776
53 Special Allowable Itemized Deductions (Item 36 of Part IV x Applicable Income Tax Rate)	0
54 Total Tax Relief Availment (Sum of Items 52 and 53)	1,462,776

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TIN	Registered Name
007 - 283 - 700 - 000	NATCCO MBAI

Part VI – Schedules (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Schedule 1 – Ordinary Allowable Itemized Deductions *(attach additional sheet/s, if necessary)*

1 Amortizations	0
2 Bad Debts	0
3 Charitable and Contributions	0
4 Depletion	0
5 Depreciation	590,042
6 Entertainment, Amusement and Recreation	92,071
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trusts	0
11 Rental	5,263
12 Research and Development	0
13 Salaries, Wages and Allowances	7,392,268
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	550,581
15 Taxes and Licenses	1,137,186
16 Transportation and Travel	564,095
17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i>	
a Janitorial and Messengerial Services	0
b Professional Fees	645,433
c Security Services	0
d UTILITIES	1,555,777
e MEETINGS AND CONFERENCES	2,624,333
f PROFESSIONAL AND TECHNICAL DEVELOPMENT	252,222
g ANNUAL GENERAL ASSEMBLY	1,035,991
h SOCIAL AND COMMUNITY SERVICE	120,000
i OTHERS	43,804,460

	Add Delete Attach
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18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 35)* 60,369,722

Schedule 2 - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1	Description	Legal Basis	Amount
2			0
3			0
4			0

	Add Delete Attach
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5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 36)* 0

Schedule 3 - Reconciliation of Net Income per Books Against Taxable Income <i>(Attach additional sheet/s, if necessary)</i>		
1	Net Income / (Loss) per books	8,604,831
Add: Non-deductible Expenses/Taxable Other Income		
2	NONDEDUCTIBLE EXPENSE	431,150
3		0
<div style="border: 1px solid black; padding: 2px;"> Add Delete Attach </div>		
4	Total (Sum of Items 1 to 3)	9,035,981
Less: A) Non-taxable Income and Income Subjected to Final Tax		
5	INTEREST INCOME	3,184,875
6		0
<div style="border: 1px solid black; padding: 2px;"> Add Delete Attach </div>		
B) Special Deductions		
7		0
8		0
<div style="border: 1px solid black; padding: 2px;"> Add Delete Attach </div>		
9	Total (Sum of Items 5 to 8)	3,184,875
10	Net Taxable Income (Loss) (Item 4 less Item 9)	5,851,106

Attachments

▲ Add Attachment
Remove Attachment ▼

Print Payment Details Proceed to Payment

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Minerva G Tejada <mgtejada@nmbainsurance.com>

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph>
To: NMBAI.ACCOUNTING@nmbainsurance.com
Cc: MGTEJADA@nmbainsurance.com

Fri, Apr 10, 2026 at 2:47 PM

Hi NATIONAL CONFEDERATION OF COOPERATIVES MUTUAL BENEFITS ASSOCIATION (NATCCO MBA), INC.,

Valid files

- EAFS007283700AFSTY122025.pdf
- EAFS007283700ITRTY122025.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-P2ZMNNZR04Q4PVWP4MWZ1PSPR0QW114PXV**
Submission Date/Time: **Apr 10, 2026 02:47 PM**
Company TIN: **007-283-700**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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