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Receiving: ICTD ERMD
Receipt Date and Time: April 28, 2026 03:43:36 PM

Company Information

SEC Registration No.: CN200409459
Company Name: ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
Industry Classification: 91999
Company Type: Non-stock Corporation

Document Information

Document ID: OST104282026811275121
Document Type: Financial Statement
Document Code: FS
Period Covered: December 31, 2025
Submission Type: AFS with NSPO Form 1, 2, 3 and 4, 5, 6
Remarks: None

Acceptance of this document is subject to review of forms and contents

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Financial Statements and
Independent Auditors' Report

ASA Philippines Foundation, Inc.
(A Microfinance NGO)

December 31, 2025 and 2024

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd

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Report of Independent Auditors

The Board of Trustees
ASA Philippines Foundation, Inc. (A Microfinance NGO)
(A Nonstock, Nonprofit Organization)
8th Floor, Park Triangle Corporate Center
32nd St. cor. Rizal Drive, Bonifacio Global City
Brgy. Fort Bonifacio, Taguig City 1634

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ASA Philippines Foundation, Inc. (A Microfinance NGO) [the Foundation], which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in fund balance and statements of cash flows for the years then ended, and the notes to financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation 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).

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 Foundation in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.

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

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

Report on 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 22 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Yusoph A. Maute**
Partner

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SEC Group A Accreditation
Partner- No. 140306-SEC (until financial period 2026)
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BIR AN 08-002551-046-2025 (until November 11, 2028)
BOA/PRC Cert. of Reg. No. 0002/P-018 (until August 12, 2027)

March 18, 2026

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
A S S E T S			
CASH AND CASH EQUIVALENTS	6	**P 10,854,856,414**	P 13,915,189,667
LOANS RECEIVABLE - Net	7	**44,175,845,155**	39,117,807,054
OTHER RECEIVABLES	7	**79,484,661**	35,800,775
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)	8	**1,022,737,275**	-
ASSET HELD FOR SALE	9	**60,123,884**	60,123,884
PROPERTY AND EQUIPMENT - Net	9	**819,433,608**	220,905,983
RIGHT-OF-USE ASSETS	10	**254,638,099**	258,675,307
OTHER ASSETS	10, 20	**132,253,922**	73,612,142
TOTAL ASSETS		**P 57,399,373,018**	P 53,682,114,812
LIABILITIES AND FUND BALANCE			
MICROSAVINGS	11	**P 21,706,024,437**	P 20,223,495,241
LOANS PAYABLE	12	**3,333,333,326**	4,668,780,153
POST-EMPLOYMENT DEFINED BENEFIT OBLIGATION	16	**865,637,593**	960,612,360
LEASE LIABILITIES	10	**280,006,672**	258,675,307
OTHER LIABILITIES	13	**1,309,978,649**	869,507,242
TOTAL LIABILITIES		**27,494,980,677**	26,981,070,303
FUND BALANCE		**29,904,392,341**	26,701,044,509
TOTAL LIABILITIES AND FUND BALANCE		**P 57,399,373,018**	P 53,682,114,812

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	**2025**	2024
REVENUES			
Revenue from microfinancing activities	7	**P 13,420,275,328**	P 13,653,392,056
Other revenues	14	**967,684,082**	363,091,889
		14,387,959,410	14,016,483,945
EXPENSES	15		
Operating costs		**7,236,284,927**	5,677,716,613
General and administrative expenses		**2,092,753,291**	1,239,790,444
Impairment provision on loans receivable	7	**1,272,330,319**	1,587,007,758
Client community services		**847,475,457**	555,827,106
		11,448,843,994	9,060,341,921
EXCESS OF REVENUES OVER EXPENSES		**2,939,115,416**	4,956,142,024
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment defined benefit plan	16	**241,495,141**	(199,712,535)
Item that will be reclassified subsequently to profit or loss			
Fair value gains on financial assets at FVOCI during the year	8	**22,737,275**	-
		264,232,416	(199,712,535)
TOTAL COMPREHENSIVE INCOME		**P 3,203,347,832**	P 4,756,429,489

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CAPITAL CONTRIBUTION		**P 41,360,000**	P 41,360,000
GENERAL FUND			
Balance at beginning of year		**26,185,479,644**	21,229,337,620
Excess of revenues over expenses during the year		**2,939,115,416**	4,956,142,024
Balance at end of year		**29,124,595,060**	26,185,479,644
REVALUATION RESERVES			
Balance at beginning of year		**474,204,865**	673,917,400
Other comprehensive income (loss)	8, 16	**264,232,416**	(199,712,535)
Balance at end of year		**738,437,281**	474,204,865
TOTAL FUND BALANCE		**P 29,904,392,341**	P 26,701,044,509

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

	Notes	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses		**P 2,939,115,416**	P 4,956,142,024
Adjustments for:			
Impairment provision on loans receivable	7, 15	**1,272,330,319**	1,587,007,758
Interest income and other financing income	6, 14	**(618,091,812)**	(27,274,677)
Interest expense	12, 15, 16	**371,811,839**	554,139,964
Depreciation and amortization	9, 15	**209,131,411**	74,855,983
Gain from sale of property and equipment	9	**(1,825,167)**	-
Excess of revenues over expenses before working capital change		**4,172,472,006**	7,144,871,052
Increase in loans receivable		**(6,330,368,420)**	(349,657,420)
Decrease (increase) in other receivables		**5,438,654**	(10,752,129)
Increase in other assets		**(81,379,054)**	(17,873,870)
Increase in microsavings		**1,482,529,196**	829,632,929
Increase (decrease) in post-employment defined benefit obligation		**111,707,229**	(856,848,108)
Increase (decrease) in other liabilities		**485,076,544**	(212,839,754)
Cash generated from (used in) operations		**(154,523,845)**	6,526,532,700
Interest received		**581,226,122**	27,274,677
Net Cash From Operating Activities		**426,702,277**	6,553,807,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of financial assets at fair value through other comprehensive income (FVOCI)	8	**(1,000,000,000)**	-
Acquisitions of property and equipment	9	**(795,892,200)**	(121,483,950)
Interest income from financial assets at FVOCI	14	**(13,015,600)**	-
Proceeds from disposal of property and equipment	9	**7,619,578**	-
Cash Used in Investing Activities		**(1,801,288,222)**	(121,483,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans	12	**(1,335,446,827)**	(1,851,112,703)
Interest paid on loans	12	**(337,499,783)**	(477,173,519)
Repayments of lease liabilities	10	**(12,800,698)**	-
Net Cash Used in Financing Activities		**(1,685,747,308)**	(2,328,286,222)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(3,060,333,253)**	4,104,037,205
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,915,189,667**	9,811,152,462
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 10,854,856,414**	P 13,915,189,667

Supplemental Information on Non-cash Investing and Financing Activities :

1) As of December 31, 2025 and 2024, the outstanding balance of accrued interest expense from loans payable amounting to P129,100,435 and P173,705,572, respectively, is presented as part of Other Liabilities account in the statements of financial position (see Note 12).

2) The Foundation recognized additional right-of-use asset and lease liability amounting to P13,524,040 in 2025 and P258,675,307 in 2024 due to new lease agreements entered by the Foundation as a lessee. The right-of-use assets and lease liabilities amounted to P254,638,099 and P280,006,672, respectively, as of December 31, 2025 and P258,675,307 and P258,675,307, respectively, as of December 31, 2024 (see Note 10).

3) In 2024, the Foundation reclassified a certain property and equipment with a carrying amount of P60,123,884 to asset held for sale (see Note 9). There was no similar transaction in 2025.

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Foundation Information

ASA Philippines Foundation, Inc. (A Microfinance NGO) [the Foundation or ASA] was incorporated in the Philippines as a nonstock, nonprofit organization and registered with the Philippine Securities and Exchange Commission on July 9, 2004. Its primary purpose is to provide access to economic and financial facilities, social and other developmental opportunities to the disadvantaged sectors including the small, cottage and micro-entrepreneurial poor of the community to fight against poverty, empowering them through self-employment and economic upliftment, so they may live with dignity, and to conduct microfinance operations pursuant to Republic Act (R.A.) No. 8425, *Social Reform and Poverty Alleviation Act.*

The ASA Program provides:

(a) Microfinance services to qualified poor, low-income women engaged in micro and small scale enterprises;

(b) Financial and other forms of assistance to its members in case of sickness, death and calamities and college scholarship for deserving children of members, as part of social services to the poor; and,

(c) Business development services for the members to improve efficiency and effectiveness in enterprise management.

As of December 31, 2025 and 2024, the Foundation has 1,846 and 1,814 branches, respectively, covering 82 provinces in the Philippines. The Foundation has established foothold in Luzon, Visayas and Mindanao. The table below displays the distribution of branches across different regions:

	2025	2024
Luzon	**931**	924
Visayas	**478**	459
Mindanao	**437**	431
	1,846	1,814

In 2025, the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR) approved the change in office address and principal place of business of the Foundation from 15th Floor Prestige Tower, F. Ortigas Jr. Street, Ortigas Center, Pasig City to 8th Floor Park Triangle Corporate Center, 32nd Street corner Rizal Drive, Bonifacio Global City, Fort Bonifacio, Taguig City 1634.

1.2 Approval of Financial Statements

The financial statements of the Foundation as of and for the year ended December 31, 2025 (including the comparative financial statements as of and for the year ended December 31, 2024) were authorized for issue by the Foundation's Board of Trustees (BOT) on March 18, 2026.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Foundation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS Accounting Standards). PFRS Accounting Standards are adopted by the Financial and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, 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 Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Foundation presents all items of income, expenses, and other comprehensive income or loss, if any, in a single statement of comprehensive income.

The Foundation presents a third statement of financial position as 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 position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS Accounting Standards

(a) Effective in 2025 that are Relevant to the Foundation

The Foundation 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 Foundation.

(b) Effective Subsequent to 2025 but not Adopted Early

There are new standards and 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 Foundation'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 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.

2.3 Financial Instruments

(a) Financial Assets

(i) Classification of Financial Assets

The Foundation's financial assets include financial assets at amortized cost and at fair value through other comprehensive income (FVOCI).

Financial Assets at Amortized Cost

The Foundation's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Loans Receivable, Other Receivables and Rental deposits included as part of Other Assets.

Financial Assets at FVOCI

The Foundation classifies debt instruments as measured at FVOCI when they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The Foundation's debt securities measured at FVOCI consist primarily of government and corporate bonds held for liquidity management and yield optimization, which are managed under a business model whose objective is achieved by both collecting contractual cash flows and selling the assets (see Note 8). The Foundation does not hold equity instruments measured at FVOCI.

(ii) Impairment of Financial Assets

The Foundation recognizes lifetime expected credit losses (ECL) for loans and other receivables. The ECL on these assets are estimated by applying the simplified approach using a provision matrix developed based on the Foundation's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics [see Note 4.1(b)].

However, if the credit risk on a financial asset has not increased significantly since initial recognition, for debt instruments measured at FVOCI, the Foundation measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

(b) Financial Liabilities

Financial liabilities include microsavings (composed of Capital Build-up [CBU] and Locked in Capital Build-up [LCBU]), loans payable and other liabilities (excluding tax-related liabilities).

2.4 Property and Equipment and Asset Held for Sale

Property and equipment are initially stated at cost and subsequently measured at cost less accumulated depreciation and amortization and any impairment in value.

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

Office building	15 years
Furniture and fixtures	3 years
Office equipment	5 years
Transportation equipment - car	5 years
Transportation equipment - motorcycle	3 years
Laptops	3 years

Leasehold improvements are amortized over the estimated useful life of the improvements of five years, or the term of the lease, whichever is shorter.

The Foundation's property and equipment are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Asset held for sale is measured at the lower of its carrying amount, immediately prior to classification as held for sale, and its fair value less costs to sell.

2.5 Revenue and Expense Recognition

The Foundation recognizes revenue from microfinancing activities in the statement of comprehensive income for the interest earned on all instruments measured at amortized cost using the effective interest method. Unearned revenue from microfinancing activities is recognized during the month of disbursement and subsequently earned as revenue based on the effective interest method of accounting, as the loan is fully collected from the members.

In addition, the Foundation also earns income from membership contributions which is used by the Foundation to cover administrative fees and supplies costs. These contributions are received in the form of cash by the Foundation's members. Revenue is recognized immediately upon receipt of the contribution while the related expenses are reported when incurred.

In 2025, the Foundation launched the ASA Microinsurance Program in partnership with Sun Life Grepa Financial, Inc., offering member-only insurance coverage and family insurance coverage to its members. The Foundation earns service fee based on premiums which is recognized as revenue upon collection of premiums and performance of the related facilitation services.

The Foundation's members are also entitled to receive rebates based on a certain percentage not exceeding 10.00% provided that the members settle their accounts on time. Relative to this rebates arrangement, the amount of revenue is also immediately adjusted at the end of the reporting periods. Members are eligible for special rebates of 7%, which may vary based on the status of their related CBU account. These rebates are included as part of the Operating Costs.

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

2.6 Leases – Foundation as a Lessee

Subsequent to initial recognition, the Foundation 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 which is 15 years.

The Foundation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and 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.

2.7 Employee Benefits

The Foundation provides benefits to employees through a defined benefit plan and other employee benefits.

The Foundation's defined benefit pension plan covers all regular full-time employees. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Foundation's financial statements in accordance with PFRS Accounting Standards requires 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.

3.1 Critical Management Judgments in Applying Accounting Policies

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

(a) Determination of ECL on Financial Assets at Amortized Cost and Financial Assets at FVOCI

The Foundation uses a provision matrix to calculate ECL for its financial assets at amortized cost. The provision matrix is based on the Foundation's historical loss rates. The ECL on these assets are estimated by applying the simplified approach with due consideration on the loan status, historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The Foundation's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

For debt instruments measured at FVOCI, if the credit risk on a financial asset has not increased significantly since initial recognition, the Foundation measures and provides for credit losses that are expected to result from default events that are possible within 12-months after the end of the reporting period, except when there has been a significant increase in credit risk on the financial asset since initial recognition.

Details about the ECL on the Foundation's financial assets at amortized cost and financial assets at FVOCI are disclosed in Note 4.1.

(b) Evaluation of Business Model Applied in Managing Financial Instruments

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

In determining the classification of a financial instrument, the Foundation evaluates in which business model a financial instrument, or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Foundation (e.g., generating accrual income, direct matching to a specific liability) as those relate to the Foundation's trading strategies.

(c) Determination of Timing of Satisfaction of Performance Obligations

The Foundation determines that revenue from commissions earned on microinsurance fees is recognized at a point in time, upon collection of premiums from members and completion of the related facilitation services. In making this assessment, the Foundation considers that its performance obligation is satisfied when the insurance coverage is successfully facilitated, the related premiums are collected, and the insurance risk is assumed by the insurer. At this point, customers obtain the benefits of the services provided, and no further substantive obligations remain to be performed by the Foundation.

(d) Testing the Cash Flow Characteristics of Financial Assets and Continuing Evaluation of the Business Model

In determining the classification of financial assets, the Foundation assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI representing 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 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 modified time value of money, the Foundation 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 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 Foundation considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

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 such sales are consistent with the objective of collecting contractual cash flows.

(e) Determination of Lease Term of Contracts with Renewal 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 is reasonably certain to be extended or not terminated.

For lease of offices and parking spaces, the factors that are normally the most relevant are (a) if there are significant penalties should the Foundation pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Foundation is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Foundation considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The renewal options for lease of office were included as part of the lease term because the contract states that there are two potential five-year renewal options at the option of the lessee.

The lease term is reassessed if an option is actually exercised or not exercised or the Foundation 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 Foundation.

(f) Recognition of 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. Similarly, possible outflows of economic benefits to the Foundation that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements.

Judgment is exercised by management to distinguish between provisions and contingencies. Relevant disclosures are presented in Note 20.

(g) Classification of an Asset as Held for Sale

The Foundations classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Judgment is exercised by the Foundation by determining whether the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

In the event that the sale of the asset is extended beyond one year, the extension of the period required to complete the sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Foundation's control and there is sufficient evidence that the Foundation remains committed to its plan to sell the asset.

3.2 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 periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost and debt securities at FVOCI is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of members and other counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 4.1. The methodology and assumptions used in estimating ECL allowance are reviewed regularly by the Foundation to reduce any differences between loss estimates and actual loss experience.

The carrying value of loans and other receivables and rental deposits and the analysis of allowance for impairment on such financial assets are shown in Notes 4.1(b)(c), and 7 respectively, while the carrying value of the Foundation's financial assets at FVOCI is disclosed in Note 8.

(b) Fair Value Measurement of Financial Assets at FVOCI

Management applies valuation techniques to determine the fair value of financial assets 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 carrying values of the Foundation's financial assets at FVOCI as of December 31, 2025 and the amount of fair value changes recognized on those assets are disclosed in Note 8.

(c) Estimation of Useful Lives of Property and Equipment and Right-of-Use Asset

The Foundation estimates the useful lives of property and equipment and right-of-use asset based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and right-of-use asset 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 and right-of-use asset are analyzed in Notes 9 and 10, respectively. Based on management's assessment as of December 31, 2025 and 2024, there is no change in estimated useful lives of property and equipment and right-of-use asset during those years. Actual results, however, may vary due to changes in estimates brought about by changes in the factors mentioned above.

(d) Determination of Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. 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.

Management has assessed that there are no indications of impairment on the Foundation's property and equipment, right-of-use asset, and other non-financial assets at the end of each reporting period; hence, no impairment provisions are required to be recognized on those assets in any of the reporting periods.

(e) Valuation of Post-employment Defined Benefit Obligation

The determination of the Foundation's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by an independent actuary in calculating such amounts. Those assumptions include, among others, discount rates and salary rate increases.

A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the analysis of the sensitivity of such obligation to the changes in significant assumptions are presented in Note 16.2.

(f) Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Foundation measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Foundation's incremental borrowing rate. In determining a reasonable discount rate, management considers the terms of the lease security, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Foundation is exposed to certain financial risks in relation to financial instruments. The Foundation's financial assets and liabilities by category are summarized in Note 5. The main types of risks are credit risk, interest risk and liquidity risk.

The Foundation's risk management is coordinated with its BOT and focuses on actively securing the Foundation's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Foundation 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 Foundation is exposed are described below and in the succeeding pages.

4.1 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Foundation. The Foundation is exposed to this risk for financial instruments arising from granting loans and advances to its members and its employees, rental deposits to lessors and placing deposits to various local banks.

The Foundation continuously monitors the default of its members and other counterparties, identified either individually or by group, and incorporates the information into its credit risk controls. The Foundation's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the gross carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis is presented below.

(Amounts in PHP)	Notes	**2025**	2024
Cash and cash equivalents	6	**10,854,856,414**	13,915,189,667
Loans receivable	7.1	**46,500,889,637**	41,176,639,004
Other receivables	7.2	**79,484,661**	35,800,775
Financial assets at FVOCI	8	**1,022,737,275**	-
Rental deposits	10, 20.1	**79,610,835**	70,911,368
		58,537,578,822	55,198,540,814

None of the Foundation's financial assets are secured by collateral or other credit enhancements, except for cash and loans receivable as described below and in the succeeding page.

(a) Cash

The credit risk for cash is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P1.0 million for every depositor per banking institution.

(b) Loans Receivable

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

The Foundation applies a simplified approach in measuring ECL which uses a lifetime expected loss allowance for all loans receivables.

To measure the ECL, loans receivable has been grouped based on the days past due (age buckets). The Foundation also concluded that the expected loss rates for loans receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 48 months before December 31, 2025 and 2024, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors, such as inflation rate, unemployment rate and tropical cyclones, which affect the ability of the customers to settle the receivables.

On that basis, the loss allowance as of December 31, 2025 and 2024 was determined based on months past due, as follows for loans receivables:

(Amounts in PHP)	Current	1 days to 30 days	31 days to 60 days	61 days to 90 days	More than 90 days	Total
December 31, 2025						
Expected loss rate	**5.00%**	**5.00%**	**5.00%**	**5.00%**	**5.00%**	
Gross carrying amount	**45,386,410,242**	**54,483,560**	**117,172,381**	**110,553,921**	**832,269,533**	**46,500,889,637**
Loss allowance	**2,269,320,512**	**2,724,178**	**5,858,619**	**5,527,696**	**41,613,477**	**2,325,044,482**
December 31, 2024						
Expected loss rate	5.00%.	5.00%	5.00%	5.00%	5.00%	
Gross carrying amount	40,131,649,250	149,169,430	270,519,947	240,658,737	384,641,640	41,176,639,004
Loss allowance	2,006,582,463	7,458,472	13,525,997	12,032,937	19,232,081	2,058,831,950

Other receivables mainly pertain to personal loans and advances granted to the Foundation's employees which are collected through salary deduction. Thus, these are considered to be fully recoverable based on management's assessment (see Note 7.2).

The reconciliation of allowance for impairment on loans receivable at the beginning and end of 2025 and 2024 is presented in Note 7.1.

(c) Financial assets at FVOCI

The Foundation is exposed to credit risk arising from its investments in debt instruments classified as FVOCI. As of December 31, 2025, management assessed that the expected credit loss on these investments is not significant. Thus, no impairment allowance was recognized during the year.

(d) Rental deposits

With respect to security deposits, management assessed that these financial assets have a low probability of default since these relate to reputable counterparties. Moreover, these security deposits can be refunded by the end of the lease term.

4.2 Interest Rate Risk

The Foundation's policy is to minimize interest rate cash flow risk exposures on long-term financing. As of December 31, 2025 and 2024, the Foundation is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. Loans payable, on the other hand, have fixed rates. All other financial instruments have fixed rates.

The table in the succeeding page illustrates the sensitivity of the Foundation's excess of revenues over expenses and fund balance to a reasonably possible change in interest rates of +/- 7.56% and +/- 4.61% for Philippine peso in 2025 and 2024, respectively. These changes are considered to be reasonably possible based on 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 are sensitive to changes in interest rates. All other variables are held constant.

	2025		2024	
(Amounts in PHP)	**- 7.56%**	**+ 7.56%**	- 4.61%	+ 4.61%
Excess of revenues over expenses	**(821,129,125)**	**821,129,125**	(640,862,737)	640,862,737
Fund balance	**(205,282,281)**	**205,282,281**	(160,215,684)	160,215,684

4.3 Liquidity Risk

The Foundation manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Foundation maintains cash to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to consistently maintain an effective collection turnover.

As of December 31, 2025, and 2024, the Foundation's financial liabilities have contractual maturities which are presented below.

(Amounts in PHP)	Notes	**Within 6 months**	**Within 12 months**	**After one year but within five years**	**More than five years**	**Total**
December 31, 2025						
Microsavings	11	21,706,024,437	-	-	-	21,706,024,437
Loans payable	12	688,262,148	664,341,304	2,442,077,618	-	3,794,681,070
Lease liabilities	10	2,971,812	3,084,161	38,476,808	235,473,891	280,006,672
Other liabilities	13	1,246,873,631	-	-	-	1,246,873,631
		23,644,132,028	**667,425,465**	**2,480,554,426**	**235,473,891**	**27,027,585,810**
December 31, 2024						
Microsavings	11	20,223,495,241	-	-	-	20,223,495,241
Loans payable	12	237,956,753	732,497,679	4,327,794,617	-	5,298,249,049
Lease liabilities	10	-	2,359,708	30,890,159	225,425,440	258,675,307
Other liabilities	13	811,312,806	-	-	-	811,312,806
		21,272,764,800	734,857,387	4,358,684,776	225,425,440	26,591,732,403

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of the reporting periods.

5. CATEGORIES, FAIR VALUE MEASUREMENT AND DISCLOSURES, AND OFFSETTING OF FINANCIAL INSTRUMENTS

5.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of financial assets and financial liabilities at amortized cost presented in the statements of financial position are shown below.

		2025		2024	
(Amounts in PHP)	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial Assets					
At amortized cost:					
Cash and cash equivalents	6	**10,854,856,414**	**10,854,856,414**	13,915,189,667	13,915,189,667
Loans receivable – net	7.1	**44,175,845,155**	**44,175,845,155**	39,117,807,054	39,117,807,054
Other receivables	7.2	**79,484,661**	**79,484,661**	35,800,775	35,800,775
Rental deposit (presented under Other assets)	10	**79,610,835**	**79,610,835**	70,911,368	70,911,368
		55,189,797,065	**55,189,797,065**	53,139,708,864	53,139,708,864
At FVOCI	8	**1,022,737,275**	**1,022,737,275**	-	-
		56,212,534,340	**56,212,534,340**	53,139,708,864	53,139,708,864
Financial Liabilities					
At amortized cost:					
Microsavings	11	**21,706,024,437**	**21,706,024,437**	20,223,495,241	20,223,495,241
Loans payable	12	**3,333,333,326**	**3,794,681,070**	4,668,780,153	5,298,249,049
Other liabilities	13	**1,246,873,631**	**1,246,873,631**	811,312,806	811,312,806
Lease liabilities	10	**280,006,672**	**280,006,672**	258,675,307	258,675,307
		26,566,238,066	**27,027,585,810**	25,962,263,507	26,591,732,403

Management considers that the carrying amount of the Foundation's financial assets and financial liabilities measured at amortized cost approximates the fair values due to its short-term duration except loans payable.

A description of the Foundation's risk management objectives and policies for financial instruments is provided in Note 4.

5.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair values 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 values are 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 asset 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 asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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.

When the Foundation uses 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.

5.3 Financial Instruments Measured at Fair Value

As at December 31, 2025 (nil in 2024), the Foundation's financial assets measured at fair value consist solely of debt instruments classified as financial assets at FVOCI. These financial assets are measured using quoted prices in active markets and are therefore categorized under Level 1 of the fair value hierarchy.

There were no financial instruments classified under Level 2 or Level 3 of the fair value hierarchy, and no transfers between levels occurred during the year.

The Foundation did not hold any financial liabilities measured at fair value in both 2025 and 2024.

5.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

For financial assets and financial liabilities measured at amortized cost, management considers that their carrying amounts approximate or equal to their fair values, except loans payable. Based on management's review of its financial instruments measured at amortized cost, except for cash and cash equivalents, which is considered Level 1, all the rest are determined to be Level 3 in the fair value hierarchy. The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in 2025 and 2024.

5.5 Offsetting of Financial Assets and Financial Liabilities

As of December 31, 2025 and 2024, the loans receivable and the related microsavings are subject to offsetting, enforceable master netting arrangements and similar agreements. The agreement between the Foundation and its members allows for net settlement of the relevant financial assets and financial liabilities when in the event the member can no longer pay the amount due. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents consist of the following as of December 31:

(Amounts in PHP)	**2025**	2024
Cash in bank	**1,771,792,489**	5,915,189,667
Short-term Placements	**9,083,063,925**	8,000,000,000
	10,854,856,414	13,915,189,667

Cash in banks generally earns interest at rates based on daily bank deposit rates. Short-term placements consist of peso time deposit placements, with terms of less than three months, and bear interest from 1.50% to 5.75% in 2025 and 3.50% to 6.00% in 2024.

Interest earned from bank deposits and short-term placements amounted to P617,333,062 and P27,274,677 in 2025 and 2024, respectively, and is presented as part of Other Revenues account in the statements of comprehensive income (see Note 14).

None of the Foundation's savings deposits were held as security for any of the Foundation's liabilities at the end of the reporting periods.

7. LOANS AND OTHER RECEIVABLES

These accounts include the following:

7.1 Loans Receivable - Net

Loans receivable consists of the following as of December 31:

(Amounts in PHP)	**2025**	2024
Loans receivable	**51,348,867,185**	45,366,532,100
Unearned revenue from microfinancing activities	**(4,847,977,548)**	(4,189,893,096)
	46,500,889,637	41,176,639,004
Allowance for impairment	**(2,325,044,482)**	(2,058,831,950)
	44,175,845,155	39,117,807,054

As of December 31, 2025 and 2024, the Foundation has 2,396,486 and 2,216,462 active members, respectively.

Loans receivable represent microfinance loans granted to the Foundation's members. As of December 31, 2025 and 2024, the Foundation's highest amount of microfinance loan released to a single borrower is P300,000, which is in compliance with Memorandum Circular 03-2018 of the Microfinance NGO Regulatory Council.

Loans receivable has normal terms ranging from three to twelve months and are partially secured by the respective carrying amounts of microsavings of each member (see Note 11). The Foundation offers two primary loan types: 23-week loans and 46-week loans, which carry effective interest rates ranging from 16% to 35% per annum, while both remain subject to a nominal rate of 15%. The gross interest earned from these loans amounting to P18,896,055,043 and P18,322,186,870 in 2025 and 2024, respectively, is presented as part of Revenue from Microfinancing Activities in the statements of comprehensive income.

Unearned revenue from microfinancing activities is recognized during the month of disbursement and will be earned as revenue subsequently based on the effective interest method of accounting once the loan is fully collected from the members. In addition, the members are entitled to receive rebates based on a certain percentage not exceeding 10% provided that the members settle their accounts on time. Rebates associated with this transaction, which totaled P5,475,779,715 in 2025 and P4,668,794,814 in 2024, are shown as a deduction from the Revenue from Microfinancing Activities in the statements of comprehensive income.

Loans receivables were reviewed for impairment. Certain receivables were found to be impaired; hence, an adequate amount of allowance for impairment has been recognized accordingly [see Note 4.1(b)].

A reconciliation of the allowance for impairment at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	Note	**2025**	2024
Balance at beginning of year		**2,058,831,950**	2,123,955,650
Impairment provision during the year	15	**1,272,330,319**	1,587,007,758
Write-off of receivables previously provided with allowance		**(1,006,117,787)**	(1,652,131,458)
Balance at end of year		**2,325,044,482**	2,058,831,950

In the event the member can no longer settle the amount due, the Foundation may apply the microsavings as payments to the loans receivable. Portfolio at risk of the Foundation is 2.40% in 2025 and 2.54% in 2024. The Foundation has adequate allowance to address credit risk.

On the other hand, loans receivable written off in 2025 and 2024 pertain to the outstanding balance of loans granted to 116,127 and 62,920 members or 4.85% and 2.84% of active members, respectively. In relation to these write-offs, the Foundation was able to recover previously written-off loans amounting to P205,915,666 and P273,266,463 in 2025 and 2024, respectively (see Note 14).

The Foundation's aging of loans receivable are as follows:

	2025		2024	
(Amounts in PHP)	**Gross Amount**	**Percentage to Total**	Gross Amount	Percentage to Total
Current	**45,386,410,242**	**97.60%**	40,131,649,250	97.46%
1 – 30 days	**54,483,560**	**0.12%**	149,169,430	0.36%
31 – 60 days	**117,172,381**	**0.25%**	270,519,947	0.66%
61 – 90 days	**110,553,921**	**0.24%**	240,658,737	0.58%
More than 90 days	**832,269,533**	**1.79%**	384,641,640	0.93%
	46,500,889,637	**100.00%**	41,176,639,004	100.00%

7.2 Other receivables

As of December 31, 2025 and 2024, other receivables have outstanding balance of P79,484,661 and P35,800,775, respectively. Other receivables consist of noninterest-bearing advances granted to Foundation's personnel and accrued interest receivables.

Advances to personnel are paid by employees every pay period through salary deductions. On the other hand, accrued interest receivables from short-term placements and financial assets at FVOCI amounted to P47,683,223 as of December 31, 2025 (nil in 2024), and is presented as part of Other Receivables in the 2025 statement of financial position.

As of December 31, 2025 and 2024, other receivables were reviewed for impairment, and none is considered impaired (see Note 4.1).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In 2025, the Foundation acquired corporate and government bonds classified as financial assets at FVOCI. The acquisition cost for corporate bonds was P800,000,000 while for government bonds was P200,000,000. As of December 31, 2025, corporate bonds are valued at P820,933,877 while government bonds amounted to P201,803,398. The related fair value gains totaling to P22,737,275 in 2025 is recognized as part of other comprehensive income in the 2025 statement of comprehensive income.

Corporate bonds carry annual interest rates ranging from 6.5% to 7.07% while government bonds earn annual interest between 5.83% and 5.86%. Total interest income earned on financial assets at FVOCI amounted to P13,015,600 in 2025 (see Note 14).

Management has assessed that there are no indications of impairment on the Foundation's financial asset at FVOCI.

9. PROPERTY AND EQUIPMENT AND ASSET HELD FOR SALE

9.1 Property and Equipment - Net

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2025 and 2024 are shown below.

(Amounts in PHP)	Office Building	Furniture and Fixtures	Office Equipment	Transportation Equipment - Car	Leasehold Improvements	Transportation Equipment - Motorcycle	Laptops	Total
December 31, 2025								
Cost	28,653,900	595,697,633	46,648,791	185,837,865	102,876,621	602,183,982	25,010,991	1,586,909,783
Accumulated depreciation	(5,095,230)	(539,440,831)	(36,836,835)	(75,554,390)	(3,481,340)	(104,836,544)	(2,231,005)	(767,476,175)
Net carrying amount	**23,558,670**	**56,256,802**	**9,811,956**	**110,283,475**	**99,395,281**	**497,347,438**	**22,779,986**	**819,433,608**
December 31, 2024								
Cost	28,653,900	570,234,344	34,832,726	139,362,500	-	34,987,841	-	808,071,311
Accumulated depreciation	(3,183,760)	(491,166,433)	(33,937,026)	(55,962,455)	-	(2,915,654)	-	(587,165,328)
Net carrying amount	25,470,140	79,067,911	895,700	83,400,045	-	32,072,187	-	220,905,983
January 1, 2024								
Cost	140,541,535	515,818,235	34,382,726	107,285,500	-	-	-	798,027,996
Accumulated depreciation	(53,037,251)	(445,651,908)	(33,937,026)	(31,446,911)	-	-	-	(564,073,096)
Net carrying amount	87,504,284	70,166,327	445,700	75,838,589	-	-	-	233,954,900

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

(Amounts in PHP)	Office Building	Furniture and Fixtures	Office Equipment	Transportation Equipment - Car	Leasehold Improvements	Transportation Equipment - Motorcycle	Laptops	Total
Balance at January 1, 2025, net of accumulated depreciation and amortization	25,470,140	79,067,911	895,700	83,400,045	-	32,072,187	-	220,905,983
Additions	-	23,748,016	11,816,065	65,244,366	102,876,621	567,196,141	25,010,991	795,892,200
Disposals	-	-	-	(5,794,411)	-	-	-	(5,794,411)
Depreciation and amortization charges for the year	(1,911,470)	(46,559,125)	(2,899,809)	(32,566,525)	(3,481,340)	(101,920,890)	(2,231,005)	(191,570,164)
Balance at December 31, 2025, net of accumulated depreciation and amortization	**23,558,670**	**56,256,802**	**9,811,956**	**110,283,475**	**99,395,281**	**497,347,438**	**22,779,986**	**819,433,608**
Balance at January 1, 2024, net of accumulated depreciation and amortization	87,504,284	70,166,327	895,700	75,835,589	-	-	-	234,401,900
Additions	-	54,416,109	-	32,080,000	-	34,987,841	-	121,483,950
Depreciation and amortization charges for the year	(1,910,260)	(45,514,525)	-	(24,515,545)	-	(2,915,653)	-	(74,855,983)
Reclassification to asset held for sale	(60,123,884)	-	-	-	-		-	(60,123,884)
Balance at December 31, 2024, net of accumulated depreciation and amortization	25,470,140	79,067,911	895,700	83,400,044	-	32,072,188	-	220,905,983

The amount of depreciation and amortization is allocated and reported in the statements of comprehensive income as follows (see Note 15):

(Amounts in PHP)	**2025**	2024
Operating costs	**122,003,562**	43,161,746
General and administrative expenses	**69,566,602**	31,694,237
	191,570,164	74,855,983

In 2025, the Foundation sold transportation equipment with carrying amount of P5,794,411. A gain of P1,825,167 was recognized on this sale and was presented as part of Other Revenues in the 2025 statement of comprehensive income. No similar transaction occurred in 2024.

The cost of the Foundation's fully depreciated and amortized property and equipment that are still in use amounted to P503,381,684 and P461,041,429 as of December 31, 2025 and 2024, respectively. No fully depreciated and amortized property and equipment were written off during the reporting periods.

As of December 31, 2025 and 2024, none of the Foundation's property and equipment were held as collateral for loans. Further, no items of property and equipment were impaired nor written off in 2025 and 2024.

9.2 Asset Held For Sale

In 2024, the Foundation reclassified an existing building and office improvements with a carrying amount of P60,123,884 from Property and Equipment to Asset Held for Sale account in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*. This reclassification was made as the Foundation has entered into a lease agreement for new office premises and has committed to a formal plan to sell the asset.

As a result of the reclassification, the building and office improvements was presented separately as Asset Held for Sale in the statements of financial position, and depreciation on the asset has ceased from the date of reclassification. The Foundation believes that the sale of these assets is highly probable in 2026.

The carrying value of the assets amounting to P60,123,884 immediately prior to their classification as held for sale is lower than their expected fair value less cost to sell. Accordingly, the Foundation did not recognize any gain or loss in connection with the reclassification of the assets.

10. LEASES

On December 15, 2024, the Foundation signed a 15-year lease for office and parking space at Park Triangle Corporate Plaza, Taguig City. The Foundation occupied the property in July 2025, following completion of construction to accommodate all head office employees. The lease includes two potential five-year renewal options. The leased contract imposed a restriction that, unless there is a contractual right for the Foundation to sublet the asset to another party, the right-of-use asset can only be used by the Foundation.

The Foundation is prohibited from selling or pledging the underlying assets as security. The Foundation must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Outstanding rental deposits amounting to P6,082,349 are presented as part of Other Assets in the statements of financial position as of December 31, 2025 and 2024.

In 2025, the Foundation and its lessor agreed to certain lease modifications, which resulted in the remeasurement of both the lease liability and the corresponding right-of-use asset. No gain or loss was recognized as a result of the lease modifications. There was no similar transaction in 2024.

10.1 Right-of-Use Assets

The reconciliation of the carrying amounts of the Foundation's right-of-use assets at the beginning and end of 2025 and 2024 is shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**258,675,307**	-
Amortization	**(17,561,248)**	-
Changes due to lease modification	**13,524,040**	-
Initial recognition of right-of-use asset	**-**	258,675,307
Balance at end of year	**254,638,099**	258,675,307

The amortization of the right-of-use asset is presented as part of Depreciation and amortization under General and Administrative Expenses in the 2025 statement of comprehensive income (see Note 15).

10.2 Lease Liabilities

The movements in the lease liabilities recognized in the statements of financial position as of December 31 are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**258,675,307**	-
Accretion of interest	**20,608,023**	
Changes due to lease modification	**13,524,040**	-
Repayments of lease liabilities	**(12,800,698)**	-
Initial recognition of lease liability	**-**	258,675,307
Balance at end of year	**280,006,672**	258,675,307

No lease payments were made in 2024, hence no expenses resulting from the amortization of lease liability and right-of-use asset was recognized in 2024.

The undiscounted maturity analysis of lease liabilities as of December 31, 2025 and 2024 are as follows:

(Amounts in PHP)	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**More than 5 years**	**Total**
December 31, 2025							
Lease payments	26,369,398	27,160,601	27,975,355	28,814,520	29,678,953	330,499,955	470,498,782
Finance charges	(20,313,425)	(19,809,139)	(19,203,928)	(18,488,159)	(17,651,396)	(95,026,063)	(190,492,110)
Net present value	**6,055,973**	**7,351,462**	**8,771,427**	**10,326,361**	**12,027,557**	**235,473,892**	**280,006,672**
December 31, 2024							
Lease payments	12,164,698	25,059,238	25,811,136	26,585,407	27,382,873	342,283,795	459,287,147
Finance charges	(9,804,990)	(19,304,168)	(18,824,938)	(18,249,797)	(17,569,592)	(116,858,355)	(200,611,840)
Net present value	2,359,708	5,755,070	6,986,198	8,335,610	9,813,281	225,425,440	258,675,307

The total cash outflow in respect of leases amounted to P12,800,698 in 2025 (nil in 2024). Interest expense in relation to the lease liability amounted to P20,608,023 in 2025 and is presented as part of Interest expense under General and Administrative Expenses account in the 2025 of comprehensive income (see Note 15).

10.3 Lease Payments Not Recognized as Lease Liabilities

The Foundation has elected not to recognize lease liabilities for short-term leases. Payments made under such leases are expensed on a straight-line basis. The expenses relating to short-term leases amounting to P360,907,711 and P326,657,710 in 2025 and 2024, respectively, and are presented as Rentals under Operating Expenses in the statements of comprehensive income (see Note 15).

11. MICROSAVINGS

This account is broken down as follows:

(Amounts in PHP)	**2025**	2024
Capital build-up (CBU)	**19,686,795,477**	18,360,893,651
Locked-in capital build-up (LCBU)	**2,019,228,960**	1,862,601,590
	21,706,024,437	20,223,495,241

The collected CBU and LCBU or microsavings is for purposes of maintaining a compensating balance, which is used to offset against the member's outstanding loan balance in case of default (see Note 7.1).

CBU pertains to weekly savings of P50 at a minimum. After six months, CBU can be withdrawn, provided a minimum balance of 15% of the outstanding principal loan is maintained. A CBU account with a balance of P500 or more are eligible for special rebates of 7%, subject to changes depending on the status of the related CBU account. Rebates related to this transaction are presented as part of Operating Costs in the statements of comprehensive income (see Note 15).

LCBU is a mandatory non income-bearing, alternative savings that is locked in as to members' withdrawal. The weekly contribution is fixed at P10. When the LCBU reaches P2,400, 50% of such is transferred to CBU. It can only be withdrawn in full by the member upon termination of membership from the Foundation.

The Foundation permits withdrawal of CBU and LCBU balances upon customer demand, provided that all outstanding loan obligations have been discharged.

All active members of the Foundation are required to maintain their microsavings contributions based on prescribed minimum levels.

12. LOANS PAYABLE

The composition of the Foundation's outstanding bank loans is shown below.

(Amounts in PHP)	**2025**	2024
Current	**1,111,111,112**	779,891,268
Non-current	**2,222,222,214**	3,888,888,885
	3,333,333,326	4,668,780,153

To enable the Foundation to provide uninterrupted microfinance loans to members in accordance with the Foundation's microfinance program, the Foundation, as part of its cash management, obtains financing through bank loans from various financial institutions and/or organizations.

As approved by the BOT on June 17, 2019, the Foundation entered into a Facility agreement as a corporate note issuer with a local bank. Based on the agreement, which was signed on October 31, 2019, the noteholder grants to the Foundation a loan facility of three loan tranche amounting to $10,000,000 each. On May 12, 2020, the Foundation availed of the first tranche, which was received on June 18, 2020. The Foundation received the second tranche on May 18, 2022. In May 2025, the Foundation made a full prepayment of the loan outstanding under the facility.

As approved by the BOT on February 27, 2023, the Foundation entered into a facility agreement to raise P5,000,000,000 through issuance of fixed-rate corporate notes with a five-year maturity called the Gender Bond. The Gender Bond was jointly arranged by BDO Capital & Investment Corporation and state-run Land Bank of the Philippines (LBP). The offer was oversubscribed by five local banks, including BDO Unibank, Inc. (BDO), Bank of the Philippine Islands (BPI), LBP, Philippine National Bank (PNB), and Security Bank Corporation (SBC). In 2025, the BOT ratified the complete pre-termination of the loan, originally maturing in 2028, for settlement in 2026.

The noteholders requires the Foundation to maintain the following ratios: operational self-sufficiency ratio of more than 110%, portfolio at risk ratio of less than 3%, debt-to-equity ratio of not more than 190%, debt service coverage ratio of not less than 120%, equity to gross issuer client loan portfolio ratio of not less than 15%, and net loan portfolio as percentage of assets should be more than 65%. As of December 31, 2025 and 2024, the Foundation is compliant with the covenants imposed by the noteholders.

A summary of the terms and conditions of each loan as of December 31, 2025 and 2024 is presented below.

Note Holder	Interest Rate	Maturity Date	Outstanding Principal Balance (*Amounts in PHP*) **2025**	2024
BDO	Fixed at 7.789%	2028	**1,333,333,330**	1,777,777,778
LBP	Fixed at 7.789%	2028	**1,333,333,330**	1,777,777,778
PNB	Fixed at 7.789%	2028	**333,333,333**	444,444,444
SBC	Fixed at 7.789%	2028	**266,666,666**	355,555,555
BPI	Fixed at 7.789%	2028	**66,666,667**	88,888,889
ADB	Fixed at 6.005%	2025	**-**	224,335,709
			3,333,333,326	4,668,780,153

Interest expense on interest-bearing loans amounted to P292,894,646 and P460,843,531 in 2025 and 2024, respectively, and is presented as part of Operating Costs in the statements of comprehensive income (see Note 15).

Unpaid interests as of December 31, 2025 and 2024 amounting to P129,100,435 and P173,705,572, respectively, are presented as part of Accrued expenses under the Other Liabilities account in the statements of financial position (see Note 13).

The movements in Loans Payable account as of December 31, 2025 and 2024 are shown below.

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**4,668,780,153**	6,519,892,856
Repayments of loans payable	**(1,335,446,827)**	(1,851,112,703)
Balance at end of year	**3,333,333,326**	4,668,780,153

As of December 31, 2025 and 2024, none of the Foundation's assets were held as collateral for these loans.

13. OTHER LIABILITIES

This account includes the following:

(Amounts in PHP)	Notes	**2025**	2024
Accrued expenses	12, 17	**730,073,786**	574,812,584
Accounts payable		**572,410,943**	287,933,088
Staff benevolent fund		**7,493,920**	6,761,570
		1,309,978,649	869,507,242

Accrued expenses include accruals for interest expense and various expenses for the operations of the Foundation such as salaries, light and water, postage and telephone, travel and reimbursable expenses and repairs and maintenance. It also included incurred expenses but not yet paid such as consultancy and professional fees, office supplies, and information technology expenses. Staff benevolent fund includes amounts from penalties on neglect of duty. In 2024, a portion of the fund was reversed and recognized as an adjustment to Operating Costs and General and Administrative Expenses in 2024 statement of comprehensive income following management's assessment that the fund is no longer needed as expenses related to employees' welfare and benefit are already expensed as incurred. Accounts payable include gross receipts, withholding taxes payable, microinsurance premiums, and government contributions payable.

14. OTHER REVENUES

This account includes the following:

(Amounts in PHP)	Notes	**2025**	2024
Interest income from:			
Bank deposits	6	**617,333,062**	27,274,677
Financial assets at FVOCI	8	**13,015,600**	-
Plan assets	16.2	**758,750**	-
Gain from recovery of written-off loans receivable	7.1	**205,915,666**	273,266,463
Commission on microinsurance	2.5	**65,475,377**	-
Membership contribution		**61,555,100**	58,947,050
Gain on disposal of equipment	9	**1,825,167**	-
Miscellaneous income		**1,805,360**	3,603,699
		967,684,082	363,091,889

New members of the Foundation are required to contribute P50. The contribution is used by the Foundation to cover administrative fees, microinsurance and supplies costs which are part of the operating costs of the Foundation.

15. EXPENSES

Details of expenses by nature are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Employee benefits	16.1, 17	**4,845,084,956**	3,025,894,489
Impairment provision on loans receivable	7.1	**1,272,330,319**	1,587,007,758
CBU rebates	11	**944,970,113**	907,333,129
Client community services		**847,475,457**	555,827,106
Travel and transportation		**763,015,706**	1,070,872,222
Taxes and licenses	18, 22	**540,032,470**	358,498,730
Interest expense	10.2, 12, 16.2	**371,811,839**	554,139,964
Office rental	10.2, 20.1	**360,907,711**	326,657,710
Staff development and conferences		**291,609,926**	-
Professional fees		**257,215,870**	82,331,527
Office supplies and reproduction		**237,172,856**	155,350,056
Depreciation and amortization	9.1, 10.1	**209,131,411**	74,855,983
Postage and telephone		**129,570,058**	101,753,826
Information technology expenses		**108,676,048**	45,049,241
Light and water		**104,634,704**	74,475,569
Bank charges		**52,754,342**	52,929,870
Grants and donations		**19,055,453**	13,033,856
Miscellaneous	17	**93,394,755**	74,330,885
		11,448,843,994	9,060,341,921

These expenses are classified and reported in the statements of comprehensive income as follows:

(Amounts in PHP)	**2025**	2024
Operating costs	**7,236,284,927**	5,677,716,613
General and administrative expenses	**2,092,753,291**	1,239,790,444
Impairment provision on loans receivable	**1,272,330,319**	1,587,007,758
Client community services	**847,475,457**	555,827,106
	11,448,843,994	9,060,341,921

Client community services pertain to the assistance provided by the Foundation to borrowers and their families in difficult times. The assistance provided to borrowers of the Foundation are burial assistance, scholarship grants, hospitalization, and disaster and rehabilitation programs.

Travel and transportation expenses refer to the costs incurred by the Foundation in its daily operations. Branch personnel visit clients daily using motorcycles, and the Foundation covers expenses such as repairs, gas, and other costs associated with these visits. Additionally, travel and transportation expenses include costs incurred by the Foundation for attending business meetings and conferences.

Operating costs are broken down as follows:

(Amounts in PHP)	Notes	**2025**	2024
Employee benefits	16.1	**4,024,144,626**	2,420,715,591
CBU rebates	11	**944,970,113**	907,333,129
Travel and transportation		**712,300,319**	1,045,112,716
Office rental	20.1	**351,739,063**	325,581,061
Interest expense	12, 16.2	**339,541,982**	526,151,034
Staff development and conferences		**267,670,770**	-
Office supplies and reproduction		**122,164,727**	112,881,820
Depreciation and amortization	9.1	**122,003,562**	43,161,746
Light and water		**101,250,552**	72,270,566
Taxes and licenses	18, 22	**84,771,682**	77,527,961
Postage and telephone		**61,777,063**	51,763,964
Bank charges		**52,362,353**	52,833,422
Miscellaneous	17	**51,588,115**	42,383,603
		7,236,284,927	5,677,716,613

Details of general and administrative expenses are shown below.

(Amounts in PHP)	Notes	**2025**	2024
Employee benefits	16.1	**820,940,330**	605,178,898
Taxes and licenses	18, 22	**455,260,788**	280,970,769
Professional fees		**256,812,675**	82,188,147
Office supplies and reproduction		**115,008,130**	42,468,236
Information technology expenses		**108,676,048**	45,049,241
Depreciation and amortization	9.1, 10.1	**87,127,850**	31,694,237
Postage and telephone		**67,792,995**	49,989,862
Interest expense	10.2, 16.2	**32,269,857**	27,988,930
Travel and transportation		**50,715,387**	25,759,506
Staff development and conferences		**23,939,156**	-
Grants and donations		**19,055,453**	13,033,856
Office rental	20.1	**9,168,648**	1,076,649
Light and water		**3,384,152**	2,205,003
Miscellaneous		**42,601,822**	32,187,110
		2,092,753,291	1,239,790,444

Details of grants and donations are as follows:

(Amounts in PHP)	**2025**	2024
Restart Micro-Enterprise Inc.	**5,000,000**	-
PLDT-Smart Foundation, Inc.	**5,000,000**	5,000,000
Mettamatch, Inc.	**2,500,000**	-
Microfinance Council of the Philippines, Inc.	**2,000,000**	1,000,000
Rafael B. Buenaventura Micro Finance Resource Center Foundation, Inc.	**1,700,000**	-
University of Asia and the Pacific Foundation Inc.	**1,000,000**	-
Philippine Business for Education Inc.	**1,000,000**	-
Alagang Kapatid Foundation Inc.	**1,000,000**	-
Asian Breast Center	**(394,547)**	1,000,000
Phinma Foundation Inc.	**250,000**	-
WeSolve Foundation	**-**	2,033,856
De La Salle University Science Foundation, Inc.	**-**	2,000,000
Hermano San Miguel Febres Cordero Medical Education Foundation, Inc.	**-**	1,000,000
Negros Women for Tomorrow	**-**	1,000,000
	19,055,453	13,033,856

16. EMPLOYEE BENEFITS

16.1 Salaries and Employee Benefits

Expenses recognized for salaries and other employee benefits are presented below.

(Amounts in PHP)	Notes	**2025**	2024
Salaries and wages		**4,284,740,843**	3,515,208,261
SSS, HDMF, PhilHealth contributions		**405,728,738**	347,504,220
Post-employment benefits	16.2	**114,904,174**	(836,817,992)
Staff benevolent fund		**39,711,201**	-
	15	**4,845,084,956**	3,025,894,489

The amounts of employee benefits are allocated and reported in the statements of comprehensive income as follows (see Note 15):

(Amounts in PHP)	**2025**	2024
Operating costs	**4,024,144,626**	2,420,715,591
General and administrative expenses	**820,940,330**	605,178,898
	4,845,084,956	3,025,894,489

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

In prior years, the Foundation provided for retirement expenses assuming an unfunded and noncontributory post-employment defined benefit plan covering all regular full-time employees as the Foundation did not yet have a formal, trusteed retirement plan. As of December 31, 2023, management assumed a retirement plan package wherein the normal retirement age is 60 with a minimum of five years of credited service. The assumed retirement benefit shall be an amount equal to a percentage of plan salary for every year of credited service in accordance with the vesting schedule.

In 2024, the Foundation formalized a retirement plan that introduced changes to the provisions assumed plan salary or the amount that members expect to receive upon retirement. This resulted in reversal of provisions made in prior years recognizing past service income in 2024. As of December 31, 2025 and 2024, the approved plan included a retirement package with a normal retirement age of 60 and a minimum of five years of credited service. The member's normal retirement benefit was determined as a percentage of the revised plan salary for each year of credited service, based on the updated vesting schedule.

The plan also provides early retirement after the age of 50 with a minimum of ten years of credited service. Starting 2025, the Foundation maintains a funded, tax-qualified and non-contributory post-employment benefit plan that is being administered by a trustee bank that is legally separated from the Foundation.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the post-employment benefit costs and obligation. All amounts presented below and in the succeeding pages are based on the actuarial valuation report obtained from an independent actuary in 2025 and 2024.

The amounts of post-employment defined benefit liability, net recognized in the statements of financial position are shown below:

(Amounts in PHP)	**2025**	2024
Present value of the obligation	**(891,588,038)**	(960,612,360)
Fair value of plan assets	**25,950,445**	-
	(865,637,593)	(960,612,360)

The movements in the present value of the post-employment defined benefit obligation recognized in the statements of financial position are as follows:

(Amounts in PHP)	**2025**	2024
Balance at beginning of year	**960,612,360**	1,524,451,520
Current service cost	**114,904,174**	236,255,713
Interest expense	**58,309,170**	93,296,433
Benefits paid	**(934,220)**	(20,030,136)
Past service cost	**-**	(1,073,073,705)
Remeasurements – actuarial losses (gains) arising from changes in:		
Demographic assumptions	**(299,551,838)**	(389,660,397)
Experience adjustments	**147,531,008**	259,059,612
Financial assumptions	**(89,282,616)**	330,313,320
Balance at end of year	**891,588,038**	960,612,360

The movements in the fair value of plan assets in 2025 are presented below:

(Amounts in PHP)	
Balance at beginning of year	-
Contributions	25,000,000
Interest income	758,750
Remeasurement gain on plan assets	191,695
Balance at end of year	**25,950,445**

The composition of the fair value plan assets as of December 31, 2025 by category and risk characteristics is shown below *(Amounts in PHP)*.

Cash and cash equivalents	560
Investments:	
Debt instruments - government bonds	19,527,697
Unit investment trust funds (UITF)	6,261,654
Accrued interest receivable	177,575
Trust fee payable	(17,041)
	25,950,445

The fair values of the above debt securities and UITF are determined based on quoted market prices in active markets (classified as Level 1 of the fair value hierarchy).

The plan assets earned a return of P950,445 in 2025.

Plan assets do not comprise any of the Foundation's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the post-employment defined benefit obligation are as follows:

(Amounts in PHP)	**2025**	2024
Reported in profit or loss:		
Current service cost	**114,904,174**	236,255,713
Interest expense	**58,309,170**	93,296,433
Interest income	**(758,750)**	-
Past service cost	**-**	(1,073,073,705)
	172,454,594	(743,521,559)
Reported in other comprehensive income:		
Actuarial gains (losses) arising from changes in:		
Demographic assumptions	**299,551,838**	389,660,397
Experience adjustments	**(147,531,008)**	(259,059,612)
Financial assumptions	**89,282,616**	(330,313,320)
Remeasurement gain on plan asset	**191,695**	
	241,495,141	(199,712,535)

Retirement benefit expense composed of current and past service cost and is allocated and presented in the statements of comprehensive income under the following classification (see Note 15):

(Amounts in PHP)	**2025**	2024
Operating costs	**91,923,339**	(669,454,394)
General and administrative expenses	**22,980,835**	(167,363,598)
	114,904,174	(836,817,992)

The interest expense on the obligation is allocated and presented in the statements of comprehensive income under the following classification (see Note 15):

(Amounts in PHP)	**2025**	2024
Operating costs	**46,647,336**	65,307,503
General and administrative expenses	**11,661,834**	27,988,930
	58,309,170	93,296,433

Interest income on plan assets is presented as part of Other Revenues in the 2025 statement of comprehensive income (see Note 14).

Amounts recognized in other comprehensive income or loss were included within item that will not be reclassified subsequently to profit or loss.

In determining the amounts of the post-employment defined benefit obligation, the following significant actuarial assumptions were used:

	2025	2024
Discount rates	**6.57%**	6.07%
Expected rate of salary increases	**6.00%**	6.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 31.3 and 31.8 in 2025 and 2024, respectively, for both males and females. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Foundation to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan is heavily invested in debt securities and UITFs.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding page.

(i) Sensitivity Analysis

The table below summarizes the effects of changes in the significant actuarial assumptions used in the determination of the post-employment defined benefit obligation as of December 31, 2025 and 2024.

		Impact on Post-employment Defined Benefit Obligation	
(Amounts in PHP)	**Change in Assumption**	**Increase in Assumption**	**Decrease in Assumption**
December 31, 2025			
Discount rate	**+/- 1.00%**	**(151,844,711)**	**189,021,497**
Salary growth rate	**+/- 1.00%**	**188,174,209**	**(153,876,237)**
December 31, 2024			
Discount rate	+/- 1.00%	(177,735,600)	224,775,516
Salary growth rate	+/- 1.00%	222,582,064	(179,343,472)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the post-employment defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the post-employment defined benefit obligation at the end of the reporting period has been calculated using the projected unit credit method, which is the same as that applied in calculating the post-employment defined benefit obligation recognized in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Funding Arrangements and Expected Contribution

The plan is currently underfunded by P865,637,593 based on the latest actuarial valuation as of December 31, 2025. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about ten years' time when a significant number of employees is expected to retire.

The Foundation's undiscounted expected benefit payments from the plan is as follows:

(Amounts in PHP)	**2025**	2024
Within one year	**2,820,396**	2,482,104
More than one year but less than five years	**27,313,441**	18,105,943
More than five years but less than ten years	**138,733,017**	74,970,132
	168,866,854	95,558,179

As of December 31, 2025 and 2024, the weighted average duration of the post-employment defined benefit obligation is 19 years and 21 years, respectively.

17. RELATED PARTY TRANSACTIONS

The Foundation's related parties include its key management personnel. Details of key management personnel compensation are presented in the statements of comprehensive income as follows:

(Amounts in PHP)	**2025**	2024
Short-term benefits	**210,741,777**	112,880,292
Post-employment benefits	**9,535,510**	9,535,510
	220,277,287	122,415,802

The compensation given to key management personnel in the form of short-term benefits and post-employment is presented as part of Employee Benefits under Expenses in the statements of comprehensive income (see Note 15). The accrued portion of key management compensation as of December 31, 2025 and 2024 is presented as part of Accrued expenses under Other Liabilities account in the statements of financial position (see Note 13).

The Foundation's plan assets amounting to P25,950,445 as of December 31, 2025 is being administered by a trustee bank that is legally separated from the Foundation (see Note 16.2).

18. TAXATION COVERAGE AND EXEMPTIONS

The Foundation is a nonstock, nonprofit corporation and the primary purpose of which is one of those enumerated in Section 30 of the Tax Reform Act of 1997 (R.A. No. 8424). No part of the excess revenues over expenses of the Foundation inures to the benefit of any of its members, employees, key officers or board of trustees. The trustees do not receive any compensation, except for inconsequential honorarium to defray costs incurred in attending board meetings. In case of dissolution, the assets of the Foundation shall be transferred to a similar institution or to the government, in the absence of the former. On November 3, 2015, R.A. No. 10693 otherwise known as the "Microfinance NGOs Act" (the Act) was signed into law. The Act provides that duly registered and microfinance NGOs shall be eligible to the preferential tax treatment of two percent (2%) based on its gross receipts from microfinance operations in lieu of all national taxes. In 2025 and 2024, the Foundation paid 2% special income tax rate amounting to P271,613,788 and P279,784,186, respectively, which are presented as part of Taxes and Licenses in the statements of comprehensive income (see Note 15).

Moreover, income derived by the Foundation from its properties, real or personal, or from any of its activities not covered by the exemption or activities conducted for profit regardless of the disposition made of such income, is subject to income tax. In 2025, the Foundation earned rent income and gain on disposal of transportation equipment amounting to P290,045 and P1,825,167, respectively, which are included in Other Revenue (see Note 14) subjected to 25% regular corporate income tax.

19. FUND MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Foundation's capital management objectives are to generate funds to expand its microfinance operations by collecting revenue from financing activities at rates commensurate to the level of risk, to facilitate the convergence and provision of other social services to the poor, and to ensure the Foundation's sustainability to continue as a going concern.

The Foundation monitors funds on the basis of the carrying amount of the fund balance as presented in the statements of financial position.

The Foundation sets the amount of fund in proportion to its overall financing structure, i.e., fund balance and loans from third parties. The Foundation manages the fund structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

(Amounts in PHP)	**2025**	2024
Total loans from third parties	**3,333,333,326**	4,668,780,153
Fund balance	**29,904,392,341**	26,701,044,509
External loans-to-fund balance ratio	**0.11 : 1.00**	0.17 : 1.00

As of December 31, 2025 and 2024, the Foundation is compliant with the covenants imposed by the respective creditors (see Note 12).

20. COMMITMENTS AND CONTINGENCIES

20.1 Operating Lease Commitments – Foundation as a Lessee

The Foundation has operating lease agreements covering various office spaces occupied by the Foundation and its branches for a period of six months to one year. The lease agreements require the Foundation to pay rental deposits. Outstanding rental deposits as of December 31, 2025 and 2024 amounting to P79,610,835 and P70,911,368, respectively, are presented as part of Other Assets in the statements of financial position.

Rent expenses related to these lease agreements are presented in the statements of comprehensive income as follows (see Note 15).

(Amounts in PHP)	**2025**	2024
Operating costs	**351,739,063**	325,581,061
General and administrative expenses	**9,168,648**	1,076,649
	360,907,711	326,657,710

20.2 Others

There are other commitments and contingencies that arise in the normal course of the Foundation's operations which are not reflected in the financial statements. As of December 31, 2025 and 2024, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Foundation's financial statements.

21. CURRENT/NON-CURRENT DISTINCTION OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled.

(Amounts in PHP)	**2025**			2024		
	Current	**Non-current**	**Total**	Current	Non-current	Total
Assets						
Cash and cash equivalents	**10,854,856,414**	**-**	**10,854,856,414**	13,915,189,667	-	13,915,189,667
Loans receivable	**44,175,845,155**	**-**	**44,175,845,155**	39,117,807,054	-	39,117,807,054
Other receivables	**53,150,996**	**26,333,665**	**79,484,661**	5,467,773	30,333,002	35,800,775
Financial assets at FVOCI	**-**	**1,022,737,275**	**1,022,737,275**	-	-	-
Property and equipment - net	**-**	**819,433,608**	**819,433,608**	-	220,905,983	220,905,983
Asset held for sale	**60,123,884**	**-**	**60,123,884**	60,123,884	-	60,123,884
Right-of-use assets	**-**	**254,638,099**	**254,638,099**	-	258,675,307	258,675,307
Other assets	**129,553,150**	**2,700,772**	**132,253,922**	70,911,368	2,700,774	73,612,142
	55,273,529,599	**2,125,843,419**	**57,399,373,018**	53,169,499,746	512,615,066	53,682,114,812
Liabilities						
Microsavings	**21,706,024,437**	**-**	**21,706,024,437**	20,223,495,241	-	20,223,495,241
Loans payable	**1,111,111,112**	**2,222,222,214**	**3,333,333,326**	779,891,268	3,888,888,885	4,668,780,153
Lease liabilities	**6,055,973**	**273,950,699**	**280,006,672**	2,359,708	256,315,599	258,675,307
Post-employment defined benefit obligation	**-**	**865,637,593**	**865,637,593**	-	960,612,360	960,612,360
Other liabilities	**1,309,978,649**	**-**	**1,309,978,649**	869,507,242	-	869,507,242
	24,133,170,171	**3,361,810,506**	**27,494,980,677**	21,875,253,459	5,105,816,844	26,981,070,303

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages are the supplementary information which is required by the Bureau of Internal Revenue (BIR) under its existing revenue regulations to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS Accounting Standards. All information is presented in their absolute amounts.

The information on taxes, duties and license fees paid or accrued during the taxable year required under Revenue Regulations No. 15-2010 are as follows:

(a) Output Value-added Tax (VAT)

The Foundation has not incurred any output tax liability for the year ended December 31, 2025 as it has no revenue transactions subject to VAT.

(b) Input VAT

The Foundation did not recognize any input VAT. It records all input VAT on purchases of goods and services as expense or part of cost of assets since it would not be recovered from setting-off with any output tax liability in the future.

(c) Documentary Stamp Tax

The Foundation paid documentary stamp tax (DST) in 2025 amounting to P1,475,130.

(d) Taxes on Importation

The Foundation did not incur or pay any customs' duties and tariff fees as it did not have any importation for the year ended December 31, 2025.

(e) Excise Tax

The Foundation did not have any transactions in 2025 which are subject to excise tax.

(f) Taxes and licenses

Details of taxes and licenses in 2025 are shown below.

(Amounts in PHP)	Notes	
GRT		270,946,116
Final withholding taxes		120,865,845
Licenses and permits		85,603,268
DST	22(c)	1,475,130
Regular corporate income tax		667,672
Real property taxes		283,249
Penalties	22(h)	112,109
Local taxes		95,974
Other taxes	22(h)	59,983,107
		540,032,470

The amounts of taxes and licenses are allocated and presented in the 2025 statement of comprehensive income as follows:

(Amounts in PHP)	
General and administrative expenses	455,260,788
Operating costs	84,771,682
	540,032,470

(g) Withholding Taxes

Details of total withholding taxes for the year ended December 31, 2025, are shown below.

(Amounts in PHP)

Compensation and employee benefits	101,562,829
Expanded	83,731,407
	185,294,236

The Foundation's withholding tax payable as of December 31, 2025 amounted to P22,651,829.

(h) Deficiency Tax Assessment and Tax Cases

In 2025, the Foundation paid deficiency taxes, including interest, amounting to P60,095,216 related to BIR assessment for taxable year 2023 and is presented as part of Taxes and licenses under General and Administrative Expenses account in the 2025 statement of comprehensive income.

The Foundation does not have any other final deficiency tax assessments with the BIR, nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable periods.

Annex 68-E
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)
As of December 31, 2025 and 2024

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies must present schedule showing financial soundness indicators in two comparative periods, as follow:

Ratio	Formula	2025	2024	Current Year	Prior Year
Current ratio	Current assets	**55,273,529,599**	53,169,499,746	**2.29**	2.43
	Current liabilities	**24,133,170,171**	21,875,253,459		
Acid test ratio	Financial assets - due within one year	**55,086,553,339**	53,041,165,268	**2.28**	2.42
	Financial liabilities - due within one year	**24,127,114,198**	21,872,893,751		
Solvency ratio	Net income plus depreciation	**3,148,246,828**	5,030,998,007	**0.11**	0.19
	Total liabilities	**27,494,980,677**	26,981,070,303		
Debt-to-equity ratio	Total liabilities	**27,494,980,677**	26,981,070,303	**0.92**	1.01
	Total fund balance	**29,904,392,341**	26,701,044,509		
Asset-to-equity ratio	Total resources	**57,399,373,018**	53,682,114,812	**1.92**	2.01
	Total equity	**29,904,392,341**	26,701,044,509		
Interest rate coverage ratio	Earnings before interest and taxes (EBIT)	**3,582,541,043**	5,790,066,174	**9.64**	10.45
	Interest expense	**371,811,839**	554,139,964		
Return on equity	Net profit	**2,939,115,416**	4,956,142,024	**10.38%**	20.38%
	Average total equity	**28,302,718,425**	24,322,829,765		
Return on assets	Net profit	**2,939,115,416**	4,956,142,024	**5.29%**	9.52%
	Average total resources	**55,540,743,915**	52,081,806,742		
Net profit margin	Net profit	**2,939,115,416**	4,956,142,024	**20.43%**	35.36%
	Revenues	**14,387,959,410**	14,016,483,945		

Other ratio:

Net interest margin	Net interest income	**19,527,162,455**	18,349,461,547	**35.79%**	35.56%
	Average interest earning resources	**54,555,717,783**	51,599,653,288		