

## **6. Management of Insurance and Financial Risks**

The Association's activities expose it to a variety of risks such as financial and insurance risks. The overall objective of risk management is to focus on the unpredictability of financial and insurance contingencies to minimize potential adverse effects on the financial condition of the Association.

### Governance

The BOT of the Association has overall responsibility for the establishment and oversight of the Association's risk management framework. The BOT has delegated to the management the responsibility of developing and monitoring the Association's risk management policies.

The Association's risk management policies are established to identify and analyze the risks faced by the Association, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities. The Association, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Management is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Association.

### Regulatory Framework

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

### Capital Management

The Association's objective in managing fund balance is to maintain high growth by applying free cash flow to selective investments that would preclude the Association's need of additional financing. The Association sets strategies with the objective of establishing a versatile and resourceful financial management and fund balance structure. Management has overall responsibility for monitoring of fund balance in proportion to risk. Profiles for ratios are set in the light of changes in the Association's external environment and the risks underlying the Association's business operations and industry.

The Association's capital includes guaranty fund reserves, general fund balance, funds assigned for members' benefits and for capacity building.

The Association monitors fund balance on the basis of the debt-to-equity ratio which is calculated as total debt divided by total fund balance. Total debt is equivalent to claims payable, claims payable - equity value and interest, accrued expenses and other liabilities, due to related party, aggregate reserves and equity value reserves. Total equity comprises the fund balance.

Debt-to-equity ratio as at December 31 is as follows:

	2016	2015
Total debt	P388,110,043	P370,614,844
Total equity	506,040,116	474,575,915
Debt-to-equity ratio	76.70%	78.09%

There were no changes in the Association's approach to fund balance management during the year.

The Association is subject to imposed capital requirements set by IC. Compliance with these requirements is discussed below.

#### *Networth Requirement*

Under the Insurance Code, mutual benefit associations must have available total member's equity in an amount to be determined by the IC above all liabilities for losses reported as networth requirement.

The final amount of the networth requirement can be determined only after the accounts of the Association have been examined by the IC, specifically as to admitted and non-admitted assets as defined in the Insurance Code.

As at December 31, 2016 and 2015, the Association is compliant with the required networth requirement based on its internal computations.

The estimated amounts of non-admitted assets as defined in the Insurance Code included in the Association's statements of assets, liabilities and fund balance, which are subject to final determination by the IC are as follows:

	2016	2015
Property, equipment and computer software - net	P1,353,037	P1,821,445
Receivables	780,433	1,733,650
Other assets	2,135,085	944,547
	P4,268,555	P4,499,642

#### *Risk-Based Capital (RBC) Requirements*

As per IC's Memorandum Circular (IMC) No. 6-2006, every mutual benefit entity is annually required to maintain an RBC ratio of at least one hundred percent (100%) and not to fail the trend test. RBC ratio is computed using the formula prescribed by the IC. The RBC requirement is determined after considering the admitted value of certain financial statement accounts whose final amounts can be determined only after the examination by the IC.

Failure to meet the minimum RBC ratio shall subject the Association to regulatory intervention which could be at various levels depending on the degree of the violation.

The following table shows how the RBC ratio at December 31, 2016 and 2015 were determined by the Association based on its internal calculations:

	2016	2015
Networth	P498,123,958	P474,345,458
Risk-based capital requirement	11,717,956	11,444,049
Risk-based capital ratio	4,251%	4,145%

As at December 31, 2016 and 2015, the Association is compliant with the required RBC ratio based on the Association's internal calculation.

On December 28, 2016, the Insurance Commission released Circular Letter No. 2016-69 which provides, among other things, that the level of sufficiency for the Amended Risk-Based Capital (RBC 2) Framework shall be at 95<sup>th</sup> percentile level of sufficiency for the year 2017, 97.5<sup>th</sup> percentile for the year 2018, and 99.5<sup>th</sup> percentile for the year 2019. RBC 2 Framework shall be made effective January 1, 2017.

#### Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. The principal risk that the Association faces under its insurance contracts are that the actual claims and benefit payments exceed the carrying value of the insurance liabilities, which was the estimates, established using certain assumptions.

The table below sets out the concentration of life insurance contract by type of contract as at December 31, 2016 and 2015.

	2016		2015	
	Gross of Reinsurance	Net of Reinsurance	Gross of Reinsurance	Net of Reinsurance
Loan availment benefits	P87,796,736	P87,667,551	P97,556,828	P97,463,670
Mandatory benefits	63,470,620	63,374,305	66,702,365	66,635,745
	P151,267,356	P151,041,856	P164,259,193	P164,099,415

The Association's exposure to insurance risk as at December 31, 2016 and 2015 are as follows:

	Note	2016	2015
Aggregate reserves	17	P13,132,536	P12,412,582
Equity value reserves	18	329,894,308	316,436,514
		P343,026,844	P328,849,096

#### Key Assumptions

The principal assumption underlying the estimates is the Association's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future. For example, one off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

#### Sensitivity Analysis for Insurance Risk

As at December 31, 2016 and 2015, it is estimated that a general increase of one percent (1%) in aggregate and equity value reserves, with all other variables held constant, would decrease the Association's net income and equity by approximately P3.43 million and P3.29 million, respectively. An equal change in the opposite direction would have increased net income and equity by an equal but opposite amount.

### Financial Risks

The Association has significant exposure to the following financial risks and from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

There has been no change to the Association's exposure to financial risks (i.e. credit risk, liquidity risk and market risk) or the manner in which it manages and measures the risks since prior financial year.

#### *(a) Credit Risk*

Credit risk is the risk of financial loss to the Association if the counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Association's financial assets.

Except for HTM investments which mature on various dates, all of the Association's financial assets are current. Thus, the credit risk relating to these financial assets are considered small due to the short settlement period involved. The Association's HTM investments consist primarily of government securities. Since these are backed by the full faith and credit of the Philippine Government, these are generally considered to be free of credit risk.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting dates are as follows:

	<i>Note</i>	<b>2016</b>	<b>2015</b>
Cash in bank and cash equivalents	7	<b>P14,996,466</b>	P12,877,967
Short-term investments	8	<b>3,166,857</b>	3,141,395
AFS financial assets	9	<b>738,460,769</b>	691,951,622
HTM investments	10	<b>97,676,722</b>	97,551,958
Receivables	11	<b>7,037,006</b>	14,032,715
Other assets (excluding prepaid expenses and fidelity bond deposit)	14	<b>123,067</b>	80,215
		<b>P861,460,877</b>	P819,635,872

The Association's concentration of credit risk arises from its investments in government securities since the said investments amounted to P478.36 million and P493.80 million of its total assets as at December 31, 2016 and 2015, respectively (see Notes 9 and 10).

The table below provides information regarding the credit risk exposure of the Association as at December 31, 2016 and 2015 by classifying assets according to the Association's credit grading of counterparties.

2016					
	Neither Past Due nor Impaired		Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
	Investment High-grade	Non-Investment Grade - Satisfactory			
Cash in bank and cash equivalents	P14,996,456	P -	P14,996,456	P -	P14,996,456
Short-term investments	3,166,857	-	3,166,857	-	3,166,857
AFS financial assets	738,460,769	-	738,460,769	-	738,460,769
HTM investments	97,676,722	-	97,676,722	-	97,676,722
Receivables	-	7,037,006	7,037,006	-	7,037,006
Other assets (excluding prepaid expenses and fidelity bond deposit)	-	123,067	123,067	-	123,067
	P854,300,804	P7,160,073	P861,460,877	P -	P861,460,877

  

2015					
	Neither Past Due nor Impaired		Total Financial Assets Neither Past Due nor Impaired	Past Due and Impaired	Total
	Investment High-grade	Non-Investment Grade - Satisfactory			
Cash in bank and cash equivalents	P12,877,967	P -	P12,877,967	P -	P12,877,967
Short-term investments	3,141,395	-	3,141,395	-	3,141,395
AFS financial assets	691,951,622	-	691,951,622	-	691,951,622
HTM investments	97,551,958	-	97,551,958	-	97,551,958
Receivables	-	14,032,715	14,032,715	-	14,032,715
Other assets (excluding prepaid expenses and fidelity bond deposit)	-	80,215	80,215	-	80,215
	P805,522,942	P14,112,930	P819,635,872	P -	P819,635,872

The Association has no past due and impaired financial assets as at December 31, 2016 and 2015.

The Association uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below:

*Investment High - Grade* - This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

*Non-investment Grade - Satisfactory* - This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

*Past Due and Impaired* - This pertains to the allowance for impairment loss that the Association recognizes due to the uncertainty of the collectability of the Association's receivables.

(b) *Liquidity Risk*

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The Association's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

The Association prepares weekly cash position report and weekly check disbursement forecast, which assists in monitoring cash flow requirements. Typically, the Association ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be predicted.

The maturity profile of the Association's financial liabilities have contractual maturities of one year or less as at December 31, 2016 and 2015 are as follows:

	Note	2016	
		Carrying Amount	Contractual Cash Flow
Claims payable	15	P4,154,358	P4,154,358
Equity value reserves	18	329,894,308	329,894,308
Accrued expenses and other liabilities	16	36,054,669	36,054,669
Due to related party	12	1,068,209	1,068,209
		<b>P371,171,544</b>	<b>P371,171,544</b>

\*Accrued expenses and other liabilities shown above exclude payables to regulatory agencies amounting to P3.81 million.

	Note	2015	
		Carrying Amount	Contractual Cash Flow
Claims payable	15	P5,010,457	P5,010,457
Equity value reserves	18	316,436,514	316,436,514
Accrued expenses and other liabilities	16	34,633,706	34,633,706
Due to related party	12	-	-
		<b>P356,080,677</b>	<b>P356,080,677</b>

\*Accrued expenses and other liabilities shown above exclude payables to regulatory agencies amounting to P2.12 million.

(c) *Market Risk*

Market risk is the risk that causes changes in market prices, such as interest rate and equity price risks. This will affect the Association's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters, while optimizing the return. The Association's exposure to currency risk was assessed by management to be insignificant.

*Interest Rate Risk*

There are two types of interest rate risk:

- *Fair Value Interest Rate Risk* - the risk that the value of a financial instrument will fluctuate because of changes in market interest rates; and
- *Cash Flow Interest Rate Risk* - the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.



Significant portion of the Association's investments is composed of interest-bearing debt instruments carried at fair value. As a result, the Association is exposed to fair value interest rate risk. The Association's interest-bearing financial instruments as at December 31, 2016 and 2015 are as follows:

	<i>Note</i>	<b>2016</b>	<b>2015</b>
Cash in bank and cash equivalents	7	<b>P14,996,456</b>	P12,877,967
Short-term investments	8	<b>3,166,857</b>	3,141,395
AFS financial assets	9	<b>738,460,769</b>	691,951,622
HTM investments	10	<b>97,676,722</b>	97,551,958
		<b>P854,300,804</b>	P805,522,942

The following table demonstrates Association's best estimate of the sensitivity to reasonable possible change in interest rates, with all other variables held constant, to the Association's net income and equity as at December 31:

	<b>Change in Basis Points (bps)</b>	<b>Effect on Net Income/Equity</b>
<b>2016</b>	Increase by 13 bps	<b>P1,110,691</b>
	Decrease by 13 bps	<b>(1,110,691)</b>
<b>2015</b>	Increase by 27 bps	2,174,912
	Decrease by 27 bps	(2,174,912)

The Association does not carry debt instrument with variable interest rate and, thus, is not exposed to cash flow interest rate risk.

Interest rate risk is mitigated by the Association's BOT by constructing a portfolio of debenture instruments with diversified maturities. Any excess cash of the Association are temporarily invested in time deposits with the term to maturity of 35 days up to 3 months and later placed in instruments with longer tenors.

The Association believes that the analysis above is considered to be representative of the interest rate risk.

#### *Equity Price Risk*

Equity price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Association's equity price risk exposure relates to investments designated as AFS financial assets with carrying balances of P22.72 million and P21.75 million as at December 31, 2016 and 2015, respectively (see Note 9). The value of these equity securities will fluctuate with changes in market conditions.

A 2.81% (2015: 7.00%) decrease in stock prices would have decreased equity by P0.64 million (2015: P1.52 million) as at December 31, 2016, with all variables remaining constant. An equal change in the opposite direction would have increased equity by an equal but opposite amount.

In 2016 and 2015, the Association determined the reasonably possible change in Philippine Stock Exchange (PSE) Index based on the historical fluctuation of equity securities the Association holds as of the reporting date.

## 6. Fair Value Measurements and Disclosures

The fair values of financial assets and liabilities approximate their carrying value due to the relatively short-term maturity of these financial instruments.

The carrying amount of the Association's HTM investments approximate its fair value at year end. Management believes that the effect of discounting and future cash flows for these instruments using the prevailing market is not significant.

The recurring fair value of AFS financial assets are determined by reference to quoted market prices, at the close of business on the reporting date.

### *Fair Value Hierarchy*

The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of AFS financial assets using Level 1 inputs is P761.18 million and P713.70 million as at December 31, 2016 and 2015, respectively (see Note 9).

The Association has no financial instruments categorized under Level 2 and 3. There has been no transfer between levels in 2016 and 2015.

## 7. Cash and Cash Equivalents

As at December 31, this account consists of:

	2016	2015
Cash on hand	P30,149	P998,109
Cash in banks	12,772,323	10,197,865
Cash equivalents	2,224,133	2,680,102
	<b>P15,026,605</b>	<b>P13,876,076</b>

Cash in banks earn annual interest ranging from 0.75% to 1.25% at respective bank deposit rates both in 2016 and 2015.

Cash equivalents represent a 90-day time deposit with an average annual interest rate of 1.00% in 2016 and 2015.

Interest income net of final tax recognized in profit or loss which is presented under "Interest income", amounted to P0.10 million and P0.26 million for the years ended December 31, 2016 and 2015, respectively.



## 8. Short-term Investments

This account consists of a 180-day placement amounting to P3.17 million and P3.14 million as at December 31, 2016 and 2015, respectively, which earns interest of 1.00% per annum for both 2016 and 2015.

Interest income earned from this placement, net of final tax, amounted to P14,206 and P2,889 in 2016 and 2015, respectively.

## 9. Available-for-Sale Financial Assets

As at December 31, this account consists of:

	2016	2015
Government debt securities	P380,686,513	P396,250,550
Corporate debt securities	357,774,256	295,701,072
Equity securities	22,717,658	21,748,792
	<b>P761,178,427</b>	<b>P713,700,414</b>

The reconciliation of the carrying amount of the investments at the beginning and end of the year is shown below:

	Note	2016	2015
Balance at beginning of year		P713,700,414	P674,708,931
Additions during the year		265,249,858	109,123,517
Reclassification	10	-	(14,622,975)
Disposals during the year		(208,349,519)	(32,856,345)
Amortization of premium during the year		(4,361,443)	(2,056,443)
Accretion of discount during the year		2,143,130	704,271
Movement in fair value reserve		(7,204,013)	(21,300,542)
Balance at end of year		<b>P761,178,427</b>	<b>P713,700,414</b>

This account represents investments in government debt securities and corporate bonds with interest rates ranging from 4.00% to 6.88% in 2016 and 4.00% to 8.13% in 2015.

Interest income on AFS financial assets, net of final tax, amounted to P28.78 million and P29.21 million in 2016 and 2015, respectively. Dividend income in 2016 and 2015 amounted to P0.45 million and P0.48 million, respectively. Gain on sale of AFS financial assets amounted to P0.31 million and P1.41 million in 2016 and 2015, respectively.

The fair value reserve on AFS financial assets recognized in statements of assets, liabilities and fund balance amounted to P0.62 million loss and P6.58 million gain as at December 31, 2016 and 2015, respectively.

On October 7, 2015, an AFS financial asset amounting to P14.29 million with a fair value reserve of P0.38 million was reclassified to HTM investments. As at date of reclassification, the EIR was 4.63% and the estimated cash flows to be recovered upon maturity of the investment on February 2032 amounted to P23.82 million.

As at December 31, 2016, the fair value of the reclassified investments amounted to P13.37 million and the unamortized fair value gain that would have been recognized in other comprehensive income if the AFS financial assets had not been reclassified amounted to P0.17 million for the year ended December 31, 2016. The carrying amount of the reclassified financial assets amounted to P13.54 million as at December 31, 2016.

The reclassification was triggered to comply with the requirement of the IC that the Association should maintain enough reserves in the form of government securities, which are to be held to maturity, to satisfy any valid benefit claim of its members. Management believes that the Association has the capability to hold the reclassified securities until maturity.

#### 10. Held-to-Maturity Investments

As at December 31, 2016 and 2015, the reconciliation of the carrying amount of the Association's held-to-maturity investments are as follows:

	Note	2016	2015
Balance at beginning of year		P97,551,958	P84,490,843
Additions during the year		46,936,510	-
Reclassification	9	-	13,888,454
Disposals for the year		(47,576,000)	-
Amortization of premium during the year		764,254	(827,339)
Balance at end of year		P97,676,722	P97,551,958

As at December 31, 2016 and 2015, this account represents the Association's investments in government debt securities with interest ranging from 4.25% to 5.58% per annum.

Interest income on HTM investments, net of final tax, amounted to P4.40 million and P4.09 million in 2016 and 2015, respectively.

This investment is in compliance with Section 405 of the Insurance Code and Insurance Memorandum Circular 9-2006 requiring all microinsurance mutual benefit associations to establish a Guaranty Fund and to deposit cash or government securities equivalent to the Guaranty Fund with the Bureau of Treasury to cover for any valid benefit claim of any of its members. The HTM investments will be re-invested in similar instruments upon maturity.

The contractual maturities of the Association's HTM investments as at December 31 are as follows:

	2016			
	On demand	1 to 3 years	4 to 5 years	More than 5 Years
2016	-	-	-	P97,676,722
2015	P47,596,727	-	-	49,955,231

## 11. Receivables

As at December 31, this account consists of:

	Note	2016	2015
Interest receivables		P5,912,139	P7,337,163
Advances to officers and employees		1,045,722	1,050,347
Due from a related party	12	-	5,197,277
Others		79,145	447,928
		P7,037,006	P14,032,715

Interest receivables pertain to accrued interest of AFS financial assets and HTM investments. Advances to officers and employees refers to receivables from loans and advances granted to the Association's officers and employees.

Interest income earned on Advances to officers and employees amounted to P38,008 and P38,780 in 2016 and 2015, respectively.

## 12. Related Party Transactions

Parties are considered related party if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Association are also considered to be related parties. The Association's key management personnel are composed of the senior management and directors.

Category/ Transaction	Year	Note	Amount of the Transaction	Outstanding Balance Due from (to) Related Parties	Terms	Conditions
<b>Entity under Common Key Management</b>						
• Members' contributions and premiums collected	2016	12a	P151,267,356	P -		
	2015		154,259,183	5,197,277	Payable on demand; non-interest bearing	Unsecured; no impairment
• Claims and benefits paid	2016	12b	40,142,438	(1,068,289)	Payable on demand; non-interest bearing	Unsecured
	2015		42,096,426	-		
• Share in reimbursable expense	2016	12c	12,131,641	-		
	2015		17,782,657	-		
<b>TOTAL</b>	<b>2016</b>			<b>(P1,068,289)</b>		
<b>TOTAL</b>	<b>2015</b>			<b>P5,197,277</b>		

Outstanding receivables from and payables to related parties are expected to be settled in cash.

### Notes:

12a Tulay Sa Pag-unlad, Inc. (TSPI), an entity with the same key management as the Association, is a nonstock, nonprofit organization, whose mission is to provide individuals and communities the opportunity to experience fullness of life through small and micro-enterprise development. Effective January 1, 2007, TSPI collects members' contributions and premiums from the Association's members.

12b TSPI also settles claims to the beneficiaries of members on behalf of the Association using the members' contributions and premiums collected. In instances where the claims to be settled exceeds the amount of members' contributions and premiums collected, TSPI advances the payment of claims to the beneficiaries. As at December 31, 2016 and 2015, no outstanding balance represents the settlement claims advanced by TSPI.

12c TSPI provides the promotion and marketing of the Association's products to the TSPI's microfinance clients including collection of members' contributions and premiums for the said products of the Association. The Association reimburses the marketing and sales expenses incurred by TSPI on behalf of the Association. Effective July 1, 2016, TSPI charges the Association 7% service fee based on members' contributions and premiums collected for the services rendered for the Association. In 2016 and 2015, marketing and sales expenses amounting to P12.13 million and P17.75 million, respectively, were recognized as part of "Marketing and sales" in profit or loss.

#### Compensation of Key Management Personnel

Total short-term remuneration of the Association's key management personnel amounted to P7.01 million and P3.32 million for the years ended December 31, 2016 and 2015, respectively and are recorded under "Salaries and other employee benefits" in profit or loss. Post-employment benefits amounted to P1.43 million and P0.86 million for the years ended December 31, 2016 and 2015, respectively.

### **13. Property, Equipment and Computer Software - net**

Movements in this account are as follows:

	Office Furniture and Fixtures	Transportation and Equipment	Office Equipment	Building and Improvements	Computer Software	Total
<b>Cost</b>						
January 1, 2015	P4,882,285	P3,734,530	P14,884,519	P325,979	P4,537,230	P28,074,513
Additions	428,380	-	955,435	-	1,110,014	2,533,829
Disposals/retirements	(774,115)	-	(3,704,628)	-	(893,788)	(5,372,531)
December 31, 2015	4,536,550	3,734,530	11,985,426	325,979	4,853,456	25,335,513
Additions	242,280	-	857,530	-	1,258,982	2,158,792
Disposals/retirements	(158,203)	(634,500)	(1,544,559)	-	(719,680)	(3,156,212)
December 31, 2016	4,420,627	3,800,030	10,898,397	325,979	5,392,758	24,336,831
<b>Accumulated Depreciation and Amortization</b>						
January 1, 2015	4,225,423	1,837,532	10,165,571	38,802	3,004,524	19,272,852
Depreciation and amortization for the year	631,511	549,999	2,426,327	55,135	1,418,896	5,121,928
Disposals/retirements	(773,877)	-	(3,704,227)	-	(853,582)	(5,371,806)
December 31, 2015	4,083,057	2,387,531	8,917,661	104,797	3,569,838	19,023,074
Depreciation and amortization for the year	305,465	440,000	2,294,209	65,136	1,080,166	4,085,036
Disposals/retirements	(155,178)	(634,500)	(1,540,302)	-	(718,509)	(3,151,589)
December 31, 2016	4,130,244	1,893,031	9,271,568	169,933	4,421,395	19,966,221
<b>Net Carrying Amounts</b>						
December 31, 2015	P253,883	P1,346,999	P3,067,765	P221,182	P1,323,630	P5,212,838
December 31, 2016	P250,383	P906,649	P1,426,529	P155,986	P1,902,295	P4,381,652

#### 14. Other Assets

As at December 31, this account consists of:

	2016	2015
Prepaid expenses	P1,762,018	P614,332
Fidelity bond deposits	250,000	250,000
Cash held by investment manager/custodian	123,067	80,215
	P2,135,085	P944,547

Prepaid expenses include unused supplies, medicare premium and prepaid reinsurance premium.

The fidelity bond deposits in 2016 and 2015 as required by the IC have a term of one (1) year expiring on June 25, 2017 and 2016, respectively.

Cash held by investment manager/custodian pertains to cash advanced to the investment manager/custodian for the acquisition of equity securities.

#### 15. Claims Payable

As at December 31, this account consists of:

	2016	2015
IBNR claims	P3,386,108	P4,020,189
Claims due and unpaid	768,250	990,268
	P4,154,358	P5,010,457

Claims due and unpaid consists of claims payable for basic life insurance products amounting to P0.26 million and P0.41 million in 2016 and 2015, respectively, and claims payable for credit life insurance products amounting to P0.51 million and P0.58 million in 2016 and 2015, respectively.

Movements in IBNR claims are as follows:

	2016	2015
Balance at beginning of year	P4,020,189	P2,500,000
Increase (decrease) in IBNR	(634,081)	1,520,189
Balance at end of year	P3,386,108	P4,020,189

Movements in claims due and unpaid are as follows:

	2016	2015
Balance at beginning of year	P990,268	P1,131,544
Claims and benefits incurred	39,920,420	41,957,150
Claims and benefits paid	(40,142,438)	(42,098,426)
Balance at end of year	P768,250	P990,268

Claims and benefits expense recognized in profit or loss as at December 31 is as follows:

	2016	2015
Claims and benefits incurred	P39,920,420	P41,957,150
Increase (decrease) in IBNR	(634,081)	1,520,189
	P39,286,339	P43,477,339

#### 16. Accrued Expenses and Other Liabilities

As at December 31, this account consists of:

	Note	2016	2015
Accrued expenses		P9,061,786	P7,399,275
Accrued interest	18	26,992,883	27,234,431
Payables to regulatory agencies		3,805,963	2,121,585
		P39,860,632	P36,755,291

The Association accrued interest on equity value received from the members as required by IC, however, effective February 1, 2016, interest rate on equity value reserve was reduced from 2.00% to 0.50% as approved by the BOT.

Payables to regulatory agencies include payables to Bureau of Internal Revenue, Philhealth, Pag-ibig Fund and Social Security System. Accrued expenses pertain to liabilities on utilities and services incurred.

#### 17. Aggregate Reserves

In compliance with Section 410 of the Insurance Code, the Association accumulates and maintains, out of the periodic members' contributions and premiums collected, sufficient reserves for future contractual obligations for which it holds funds in securities satisfactory to the Insurance Commissioner consisting of bonds of the Government of the Philippines, or any of its political subdivisions and instrumentalities, or other good securities as may be approved by the Insurance Commissioner. Moreover, the said reserve liability established in accordance with actuarial procedures is approved by the Insurance Commissioner.

As at December 31, 2016 and 2015, the aggregate reserves amounted to P13.13 million and P12.41 million, respectively.

On December 28, 2016, the IC released Circular Letter No. 2016-66, *Valuation standards for life insurance policy reserves*, requiring all life insurance companies to calculate the reserves for traditional life insurance policies with a term of one year or less using the unearned premium method. The new valuation standards for life insurance policy reserves shall be implemented effective January 1, 2017.

The application of the new valuation standards for life insurance policy reserves have no significant impact on the Association.



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**18. Equity Value Reserves**

In compliance with Section 409 of the Insurance Code, the Association maintains an equity value reserves of 50% of the total mandatory members' contributions and premiums collected thereon.

As at December 31, 2016 and 2015, the equity value reserves amounted to P329.89 million and P316.44 million, respectively.

Interest expense on equity value reserves amounted to P0.81 million and P6.60 million for the years ended December 31, 2016 and 2015, respectively.

Accrued interest on equity value reserves as at December 31, 2016 and 2015 amounted to P26.99 million and P27.23 million, respectively (see Note 16).

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**19. Guaranty Fund Reserves**

As a microinsurance mutual benefit association, the Association is required to maintain Guaranty Fund amounting to P5.00 million, and every year thereafter, increase its Guaranty Fund by an amount equivalent to 5.00% of gross premium collections until the amount of the Guaranty Fund shall reach 25.00% of the required networth for existing domestic life insurance companies.

As at December 31, 2016 and 2015, the guaranty fund reserves amounted to P90.14 million and P82.57 million, respectively.

The Guaranty fund shall be deposited with IC in cash, or in government securities with a total value equal to such amount. As at December 31, 2016 and 2015, the Association had restricted investments of P97.68 million and P97.55 million, respectively, with the Bureau of Treasury to cover for any valid benefit claim of any of its members (see Note 10).

The amount transferred from general fund to guaranty fund reserves amounted to P7.56 million and P8.21 million in 2016 and 2015, respectively.

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**20. General Fund Balance**

Section 408 of the Insurance Code requires a mutual benefit association to only maintain free and unassigned surplus of not more than twenty percent (20%) of its total liabilities as verified by the Commissioner. Any amount in excess shall be returned to the members by way of dividends, enhancing the equity value or providing benefits in kind and other relevant services.

The balance of funds assigned for members' benefits amounted to P237.46 million and P225.63 million in 2016 and 2015, respectively while assigned for capacity building amounted to P104.32 million in 2016 and P98.39 million in 2015.

As at December 31, 2016 and 2015, the general fund balance amounted to P74.12 million and P67.99 million, respectively.

## 21. Retirement Benefit Cost

The Association has a funded, non-contributory defined benefit retirement plan covering all regular employees. Contributions and costs are determined in accordance with the actuarial studies made for the plan. Annual cost is determined by an independent actuary using the projected unit credit method. The actuarial valuation is made on an annual basis and the latest actuarial valuation was made as at December 31, 2016.

The following table shows reconciliation from the opening balances to the closing balances for net defined benefit asset and its components.

	Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit Liability (Asset)	
	2016	2015	2016	2015	2016	2015
Balance at January 1	P2,454,325	P2,351,539	P5,271,817	P7,365,542	(P2,817,491)	(P4,017,003)
Included in Profit or Loss:						
Current service cost	415,915	425,622	-	-	415,915	425,622
Interest cost	127,353	150,460	293,792	349,451	(166,309)	(198,990)
	543,268	576,082	293,792	349,451	249,606	226,632
Included in OCI:						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	28,527	(217,940)	-	-	28,527	(217,940)
Experience adjustment	121,189	(1,245,356)	-	-	121,189	(1,245,356)
Return on plan assets excluding interest income	-	-	(343,257)	(508,056)	343,257	600,056
Changes in the effect of asset ceiling (movement in asset ceiling - interest expense on effect of asset ceiling)	-	-	709,008	(2,670,451)	(709,008)	2,670,451
	150,716	(1,463,326)	366,741	(3,278,506)	(588,020)	1,812,158
Others:						
Contributions paid by the employer	-	-	900,000	830,000	(900,000)	(830,000)
Benefits paid	(99,126)	-	(80,126)	-	-	-
	(99,126)	-	819,874	830,000	(900,000)	(830,000)
Balance at December 31	P3,087,224	P2,454,325	P6,710,834	P5,271,517	(P3,623,610)	(P2,817,191)

The changes in the effect of asset ceiling are as follows:

	2016	2015
Balance at beginning of year	P3,555,699	P847,208
Remeasurement gain on the change in the effect of asset ceiling	(709,008)	2,670,451
Interest expense on effect of asset ceiling	183,811	38,040
Balance at end of year	P3,030,502	P3,555,699

The Association's plan assets consist of the following:

	2016	2015
Unit investment trust funds	P8,285,194	P8,844,525
Mutual funds	1,456,067	-
Cash	75	212
Trust fee payable	-	(17,521)
	P9,741,336	P8,827,216

The Association is not required to contribute to the defined benefit retirement plan for 2016. The following were the principal actuarial assumptions at the reporting date:

	2016	2015
Discount rate	5.08%	5.17%
Future salary growth	5.00%	5.00%

Assumptions regarding future mortality have been based on the 2001 CSO Table - Generational mortality table. The current members' longevity is at age 30.50 in 2016.

The weighted-average duration of the defined benefit obligation is 5.42 years and 6.17 years as at December 31, 2016 and 2015, respectively.

Maturity analysis of the benefit payments:

	2016				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1-5 Years	More than 5 Years
Defined benefit obligation	P3,087,224	P2,541,620	P1,456,945	P179,394	P905,281

#### Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Defined Benefit Obligation	
	Increase	Decrease
Discount rate (1% movement)	(P302,931)	P367,000
Future salary growth (1% movement)	330,952	(279,052)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption shown.

These defined benefit plans expose the Association to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

The Association is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the plan assets are at the Association's discretion. However, in the event a benefit claim arises and the plan assets is insufficient to pay the claim, the shortfall will then be due and payable from the Association to the plan assets.

**22. Supplementary Information Required by the Bureau of Internal Revenue (BIR)  
Based on Revenue Regulations (RR) No. 15-2010**

In addition to the disclosures mandated under PFRSs, and such other standards and/or conventions as may be adopted, companies are required by the BIR to provide in the notes to the financial statements, certain supplementary information for the taxable year. The amounts relating to such supplementary information may not necessarily be the same with those amounts disclosed in the financial statements which were prepared in accordance with PFRSs.

The following is the tax information required for the taxable year ended December 31, 2016:

**A. Withholding Taxes**

Tax on compensation and benefits	P3,162,201
Expanded withholding taxes	195,401
	<b>P3,357,602</b>

**B. All Other Taxes (Local and National)**

<i>Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses</i>	
License and permit fees	<b>P10,725</b>

**C. Tax Contingencies**

The Association has no deficiency tax assessment or any tax case, litigation, and/or prosecution in courts or bodies outside the BIR as at December 31, 2016.



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## REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY INFORMATION

The Board of Trustees and Members  
TSPI Mutual Benefit Association, Inc.  
3rd Floor, Tulay sa Pag-unlad, Inc. (TSPI) Building  
2363 Antipolo St., Guadalupe Nuevo, Makati City

We have audited the accompanying financial statements of TSPI Mutual Benefit Association, Inc. (the "Association"), a nonstock, nonprofit organization, as at and for the year ended December 31, 2016 on which we have rendered our report dated April 28, 2017.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Association taken as a whole. The supplementary information in the Schedule of Philippine Financial Reporting Standards and included in the following accompanying schedules is the responsibility of the Association's management:

- i. Schedule of Contributions or Donations; and
- ii. Statement of Cash Receipts and Disbursements.

The supplementary information are presented for purposes of complying with the Securities Regulation Code Rule 68, As Amended, and are not required parts of the basic financial statements. Such supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, present fairly, in all material respects, in relation to the basic financial statements taken as a whole.

### R.G. MANABAT & CO.

DENNIS I. ILAN

Partner

CPA License No. 89564

SEC Accreditation No. 1182-AR-1, Group A, valid until April 30, 2018

Tax Identification No. 161-313-405

BIR Accreditation No. 08-001987-28-2014

Issued September 26, 2014; valid until September 25, 2017

PTR No. 5904928MD

Issued January 3, 2017 at Makati City

April 28, 2017

Makati City, Metro Manila

**TSPI MUTUAL BENEFIT ASSOCIATION, INC.**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<b>Framework for the Preparation and Presentation of Financial Statements</b>		✓		
Conceptual Framework Phase A: Objectives and qualitative characteristics				
<b>PFRSs Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009-2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards-Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009-2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011-2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014-2016 Cycle: Deletion of short-term exemptions for first-time			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010-2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
<b>PFRS 3 (Revised)</b>	Business Combinations			✓
	Annual Improvements to PFRSs 2010-2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011-2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
<b>PFRS 4</b>	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance		✓	



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012 -2014 Cycle: Changes in method for disposal			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures -Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRSs 2012 -2014 Cycle: 'Continuing involvement' for servicing			✓
	Annual Improvements to PFRSs 2012 -2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
<b>PFRS 8</b>	Operating Segments			✓
	Annual Improvements to PFRSs 2010 -2012 Cycle: Disclosures on the aggregation of operating segments			✓
<b>PFRS 9</b>	Financial Instruments		✓*	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
<b>PFRS 9 (2014)</b>	Financial Instruments		✓*	
<b>PFRS 10</b>	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation			✓
	Annual Improvements to PFRSs 2014 -2016 Cycle: Clarification of the scope of the standard			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 -2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers			✓
PFRS 16	Leases			✓
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 -2011 Cycle: Presentation of Financial Statements -Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 -2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative		✓*	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes			✓
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements to PFRSs 2009 -2011 Cycle: Property, Plant and Equipment - Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 -2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	✓		
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
PAS 17	Leases			✓
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 -2014 Cycle: Discount rate in a regional market sharing the same currency -e.g. the Eurozone			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Definition of 'related party'	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation			✓
	Annual Improvements to PFRSs 2014 -2016 Cycle: Measuring an associate or joint venture at fair			✓
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Annual Improvements to PFRSs 2009 -2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			✓
<b>PAS 33</b>	Earnings per Share			✓
<b>PAS 34</b>	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 -2011 Cycle: Interim Financial Reporting -Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 -2014 Cycle: Disclosure of information 'elsewhere in the interim financial report'			✓
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial	✓		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 -2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date	✓		
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Annual Improvements to PFRSs 2011 -2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29: Financial Reporting in Hyperinflationary			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC - 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Leases			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
Philippine Interpretations Committee Questions and Answers				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 -Revenue recognition for sales of property units under pre-completion contracts			✓
PIC Q&A 2006-02	PAS 27.10(d) -Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01-Revised	PAS 1.103(a) -Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 - Accounting for government loans with low interest rates [see PIC Q&A No. 2006-02]			✓
PIC Q&A 2007-03	PAS 40.27 -Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 -Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01-Revised	PAS 19.78 -Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 -Accounting for government loans with low interest rates under the amendments to PAS 20			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2016 and were not early adopted by the Association.



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PIC Q&A 2009-01	Framework 23 and PAS 1.23 -Financial statements prepared on a basis other than going			✓
PIC Q&A 2009-02	PAS 39.AG71-72 -Rate used in determining the fair value of government securities in the	✓		
PIC Q&A 2010-01	PAS 39.AG71-72 -Rate used in determining the fair value of government securities in the Philippines	✓		
PIC Q&A 2010-02	PAS 1R.16 -Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements - Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) -Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 -Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for Inter-company Loans			✓
PIC Q&A 2011-04	PAS 32.37-38 -Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D6 -Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2006), and PAS 40, Investment Property -Acquisition of Investment properties -asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 -Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013	✓		
PIC Q&A 2013-03 (Revised)	PAS 19 -Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016	✓		
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre- Completion Contracts			✓

\*These standards or amendments will be effective for annual periods subsequent to December 31, 2018 and were not early adopted by the Association.

**TSPI Mutual Benefit Association, Inc.**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2016		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
<b>PFRSs Practice Statement Management Commentary</b>				✓
<b>Philippine Financial Reporting Standards</b>				
<b>PFRS 1 (Revised)</b>	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: First-time Adoption of Philippine Financial Reporting Standards – Repeated Application of PFRS 1			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Borrowing Cost Exemption			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: PFRS version that a first-time adopter can apply			✓
	Annual Improvements to PFRSs 2014 – 2016 Cycle: Deletion of short-term exemptions for first-time adopters			✓
<b>PFRS 2</b>	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Meaning of 'vesting condition'			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
<b>PFRS 3 (Revised)</b>	Business Combinations			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Classification and measurement of contingent consideration			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope exclusion for the formation of joint arrangements			✓
<b>PFRS 4</b>	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts	✓		
<b>PFRS 5</b>	Non-current Assets Held for Sale and Discontinued			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Operations			
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Changes in method for disposal			✓
<b>PFRS 6</b>	Exploration for and Evaluation of Mineral Resources			✓
<b>PFRS 7</b>	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: 'Continuing involvement' for servicing contracts			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Offsetting disclosures in condensed interim financial statements			✓
<b>PFRS 8</b>	Operating Segments			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Disclosures on the aggregation of operating segments			✓
<b>PFRS 9</b>	Financial Instruments		✓ *	
	Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39			✓
<b>PFRS 9 (2014)</b>	Financial Instruments		✓ *	
<b>PFRS 10</b>	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
<b>PFRS 11</b>	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements; Joint Arrangements and Disclosure of Interests in Other Entities; Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 – 2016 Cycle: Clarification of the scope of the standard			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Scope of portfolio exception			✓
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers			✓
PFRS 16	Leases			✓
<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of Financial Statements – Comparative Information beyond Minimum Requirements			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Presentation of the Opening Statement of Financial Position and Related Notes			✓
	Amendments to PAS 1: Disclosure Initiative		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors			✓
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes			✓
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets			✓
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses			✓
PAS 16	Property, Plant and Equipment	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Property, Plant and Equipment – Classification of Servicing Equipment			✓
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer Plants			✓
<b>PAS 17</b>	Leases			✓
<b>PAS 18</b>	Revenue	✓		
<b>PAS 19 (Amended)</b>	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Discount rate in a regional market sharing the same currency – e.g. the Eurozone			✓
<b>PAS 20</b>	Accounting for Government Grants and Disclosure of Government Assistance			✓
<b>PAS 21</b>	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
<b>PAS 23 (Revised)</b>	Borrowing Costs			✓
<b>PAS 24 (Revised)</b>	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Definition of 'related party'	✓		
<b>PAS 26</b>	Accounting and Reporting by Retirement Benefit Plans			✓
<b>PAS 27 (Amended)</b>	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
<b>PAS 28 (Amended)</b>	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
	Annual Improvements to PFRSs 2014 – 2016 Cycle: Measuring an associate or joint venture at fair value			✓
<b>PAS 29</b>	Financial Reporting in Hyperinflationary Economies			✓
<b>PAS 32</b>	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Financial Instruments Presentation – Income Tax Consequences of Distributions			✓
<b>PAS 33</b>	Earnings per Share			✓
<b>PAS 34</b>	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 – 2011 Cycle: Interim Financial Reporting – Segment Assets and Liabilities			✓
	Annual Improvements to PFRSs 2012 – 2014 Cycle: Disclosure of Information "elsewhere in the interim financial report"			✓
<b>PAS 36</b>	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
<b>PAS 37</b>	Provisions, Contingent Liabilities and Contingent Assets	✓		
<b>PAS 38</b>	Intangible Assets	✓		
	Annual Improvements to PFRSs 2010 – 2012 Cycle: Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38)			✓
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
<b>PAS 39</b>	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
<b>PAS 40</b>	Investment Property			✓
	Annual Improvements to PFRSs 2011 – 2013 Cycle: Inter-relationship of PFRS 3 and PAS 40 (Amendment to PAS 40)			✓
	Amendments to PAS 40: Transfers of Investment Property			✓
<b>PAS 41</b>	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Agriculture: Bearer			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
	Plants			
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Shipping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Leases			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓
<b>Philippine Interpretations Committee Questions and Answers</b>				
PIC Q&A 2006-01	PAS 18, Appendix, paragraph 9 - Revenue recognition for sales of property units under pre-completion			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	contracts			
PIC Q&A 2006-02	PAS 27.10(d) – Clarification of criteria for exemption from presenting consolidated financial statements			✓
PIC Q&A 2007-01- Revised	PAS 1.103(a) – Basis of preparation of financial statements if an entity has not applied PFRSs in full			✓
PIC Q&A 2007-02	PAS 20.24.37 and PAS 39.43 – Accounting for government loans with low interest rates [see PIC Q&A No. 2008-02]			✓
PIC Q&A 2007-03	PAS 40.27 – Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2007-04	PAS 101.7 – Application of criteria for a qualifying NPAE			✓
PIC Q&A 2008-01- Revised	PAS 19.78 – Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2008-02	PAS 20.43 – Accounting for government loans with low interest rates under the amendments to PAS 20			✓
PIC Q&A 2009-01	Framework.23 and PAS 1.23 – Financial statements prepared on a basis other than going concern			✓
PIC Q&A 2009-02	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines	✓		
PIC Q&A 2010-01	PAS 39.AG71-72 – Rate used in determining the fair value of government securities in the Philippines	✓		
PIC Q&A 2010-02	PAS 1R.16 – Basis of preparation of financial statements	✓		
PIC Q&A 2010-03	PAS 1 Presentation of Financial Statements – Current/non-current classification of a callable term loan			✓
PIC Q&A 2011-01	PAS 1.10(f) – Requirements for a Third Statement of Financial Position			✓
PIC Q&A 2011-02	PFRS 3.2 – Common Control Business Combinations			✓
PIC Q&A 2011-03	Accounting for inter-company loans			✓
PIC Q&A 2011-04	PAS 32.37-38 – Costs of Public Offering of Shares			✓
PIC Q&A 2011-05	PFRS 1.D1-D8 – Fair Value or Revaluation as Deemed Cost			✓
PIC Q&A 2011-06	PFRS 3, Business Combinations (2008), and PAS 40, Investment Property – Acquisition of investment properties – asset acquisition or business combination?			✓
PIC Q&A 2012-01	PFRS 3.2 – Application of the Pooling of Interests Method for Business Combinations of Entities Under Common Control in Consolidated Financial Statements			✓
PIC Q&A 2012-02	Cost of a New Building Constructed on the Site of a Previous Building			✓
PIC Q&A 2013-01	Applicability of SMEIG Final Q&As on the Application of IFRS for SMEs to Philippine SMEs			✓
PIC Q&A 2013-02	Conforming Changes to PIC Q&As - Cycle 2013	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not Adopted	Not Applicable
PIC Q&A 2013-03 (Revised)	PAS 19 – Accounting for Employee Benefits under a Defined Contribution Plan subject to Requirements of Republic Act (RA) 7641, The Philippine Retirement Law			✓
PIC Q&A 2015-01	Conforming Changes to PIC Q&As - Cycle 2015			✓
PIC Q&A 2016-01	Conforming Changes to PIC Q&As - Cycle 2016	✓		
PIC Q&A 2016-02	PAS 32 and PAS 38 - Accounting Treatment of Club Shares Held by an Entity			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-Completion Contracts			✓

**Legend:**

**Adopted** – means a particular standard or interpretation is relevant to the operations of the entity (even if it has no effect or no material effect on the financial statements), for which there may be a related particular accounting policy made in the financial statements and/or there are current transactions the amounts or balances of which are disclosed on the face or in the notes of the financial statements.

**Not Adopted** – means a particular standard or interpretation is effective but the entity did not adopt it due to either of these two reasons: 1) The entity has deviated or departed from the requirements of such standard or interpretation; or 2) The standard provides for an option to early adopt it but the entity decided otherwise.

**Not Applicable** – means the standard or interpretation is not relevant at all to the operations of the entity.