

#### *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, 2018 and 2017 were determined by the Association based on the Association's internal calculations:

	2018	2017
Networth	P634,626,570	P715,699,940
Risk-based capital requirement	14,344,215	15,526,708
Risk-based capital ratio	4,424%	4,609%

On December 28, 2016, the IC released Circular Letter No. 2016-69, *Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves, and Amended Risk-based Capital (RBC2) Framework*, which provides, among other things, that the level of sufficiency for the amended RBC 2 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.

As at December 31, 2018 and 2017, the Association is compliant with the required RBC ratio based on the Association's internal calculation.

#### 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, 2018 and 2017.

Contract Type	2018		2017	
	Gross of Reinsurance	Net of Reinsurance	Gross of Reinsurance	Net of Reinsurance
Credit life	P108,834,166	P108,748,395	P108,259,678	P108,107,554
GLIP basic	956,175	956,175	-	-
Basic life	70,190,371	70,129,911	86,996,671	86,902,690
Life maximum benefit	58,716,428	58,657,069	65,466,874	65,445,501
Life plus benefit	21,811,389	21,760,760	24,477,016	24,454,450
GLIP optional	910,952	910,952	-	-
Mortgage redemption benefit	913,938	906,266	1,235,766	1,224,381
	P262,333,419	P262,069,619	P286,436,025	P286,144,576

The Association's exposure to insurance risk as at December 31, 2018 and 2017 are as follows:

	Note	2018	2017
Aggregate reserves	16	P53,536,552	P54,794,197
Equity value reserves	17	75,511,008	89,918,184
		P129,047,560	P144,712,381

#### *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, 2018 and 2017, 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 P1.29 million and P1.44 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:

	Note	2018	2017
Cash and cash equivalents*	7	P13,847,036	P45,284,309
Short-term investments	8	3,218,401	3,192,525
AFS financial assets**	10	771,059,475	720,692,921
HTM investments	11	183,987,885	184,515,887
Receivables	9	7,512,272	6,732,349
Due from related party	24	-	8,197,755
Other assets***		330,778	88,318
		<b>P979,955,847</b>	<b>P968,704,064</b>

\*Excluding cash on hand.

\*\*Excluding equity securities.

\*\*\*Excluding prepaid expenses and fidelity bond deposits.

The Association's concentration of credit risk arises from its investments in government securities since the said investments amounted to P650.06 million and P557.53 million which represent 66.36% and 57.55% of its total financial assets as at December 31, 2018 and 2017, respectively (see Notes 10 and 11).

The table below provides information regarding the credit risk exposure of the Association as at December 31, 2018 and 2017 by classifying assets according to the Association's credit grading of counterparties.

2018					
	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 and cash equivalents*	P13,847,036	P -	P13,847,036	P -	P13,847,036
Short-term investments	3,218,401	-	3,218,401	-	3,218,401
Receivables	-	7,512,272	7,512,272	-	7,512,272
AFS financial assets**	771,059,475	-	771,059,475	-	771,059,475
HTM investments	183,987,885	-	183,987,885	-	183,987,885
Other assets***	-	330,778	330,778	-	330,778
	<b>P972,112,797</b>	<b>P7,843,050</b>	<b>P979,955,847</b>	<b>P -</b>	<b>P979,955,847</b>

\*Excluding cash on hand.

\*\*Excluding equity securities.

\*\*\*Excluding prepaid expenses and fidelity bond deposits.

2017					
	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 and cash equivalents*	P45,284,309	P -	P45,284,309	P -	P45,284,309
Short-term investments	3,192,525	-	3,192,525	-	3,192,525
Receivables	-	6,732,349	6,732,349	-	6,732,349
Due from related party	-	8,197,755	8,197,755	-	8,197,755
AFS financial assets**	720,692,921	-	720,692,921	-	720,692,921
HTM investments	184,515,887	-	184,515,887	-	184,515,887
Other assets***	-	88,318	88,318	-	88,318
	<b>P953,685,542</b>	<b>P15,018,422</b>	<b>P968,704,064</b>	<b>P -</b>	<b>P968,704,064</b>

\*Excluding cash on hand.

\*\*Excluding equity securities.

\*\*\*Excluding prepaid expenses and fidelity bond deposits.

The Association has no past due and impaired financial assets as at December 31, 2018 and 2017.

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 has contractual maturities of one year or less as at December 31, 2018 and 2017 are as follows:

	Note	2018	
		Carrying Amount	Contractual Cash Flow
Accrued expenses and other liabilities*	14	P27,535,228	P27,535,228
Claims payable	15	134,912,396	134,912,396
Equity value reserves	17	75,511,008	75,511,008
Due to related party	24	34,770,038	34,770,038
		<b>P272,728,670</b>	<b>P272,728,670</b>

\*Accrued expenses and other liabilities shown above exclude payables to regulatory agencies amounting to P3.23 million.

	Note	2017	
		Carrying Amount	Contractual Cash Flow
Accrued expenses and other liabilities*	14	P20,292,756	P20,292,756
Claims payable	15	106,813,789	106,813,789
Equity value reserves	17	89,918,184	89,918,184
		P217,024,729	P217,024,729

\*Accrued expenses and other liabilities shown above exclude payables to regulatory agencies amounting to P4.23 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, 2018 and 2017 are as follows:

	Note	2018	2017
Cash and cash equivalents*	7	P13,847,036	P45,284,309
Short-term investments	8	3,218,401	3,192,525
AFS financial assets**	10	771,059,475	720,692,921
HTM investments	11	183,987,885	184,515,887
		P972,112,797	P953,685,642

\*Excluding cash on hand.

\*\*Excluding equity securities.

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:

	Change in Basis Points (bps)	Effect on Net Income/Equity
2018	Increase by 13 bps	P5,454,410
	Decrease by 13 bps	(5,454,410)
2017	Increase by 13 bps	4,502,001
	Decrease by 13 bps	(4,502,001)

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.

*(d) 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 equity securities designated as AFS financial assets with carrying amount of P25.66 million and P30.48 million as at December 31, 2018 and 2017, respectively (see Note 10). The value of these equity securities will fluctuate with changes in market conditions.

A 2.84% (2017: 2.18%) decrease in stock prices would have decreased equity by P0.73 million as at December 31, 2018 (2017: P0.66 million), with all variables remaining constant. An equal change in the opposite direction would have increased equity by an equal but opposite amount.

In 2018 and 2017, 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.

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## **6. Fair Value Measurements and Disclosures**

A number of the Association's accounting policies and disclosures require the determination of fair values, for both financial assets and financial liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the methods as described below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes to the financial statements specific to the assets or liability.

The carrying amount of the Association's financial instruments such as cash and cash equivalents (excluding cash on hand), short-term investments, receivables, due from related party, other assets (excluding prepaid expenses and fidelity bond deposit), accrued expenses and other liabilities (excluding government payables to agencies), claims payable, equity value reserves and due to related party approximate fair value at year-end due to the relatively short-term maturities of these financial assets and liabilities.

AFS financial assets is measured at fair value. The fair values of quoted equity securities were determined by reference to quoted market prices published by PSE. While for debt securities, the market price reference in determining the market value is derived from PHP Bloomberg Valuation Services (BVAL) and Philippine Dealings and Exchange (PDEX) as at December 28, 2018 and December 29, 2017, respectively.

If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Investments in unquoted equity instruments for which no reliable basis for fair value measurement is available are carried at cost, net of any allowance for impairment losses.

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.

The fair value of AFS financial assets using Level 1 inputs is P796.72 million and P751.17 million as at December 31, 2018 and 2017, respectively (see Note 10).

The Association has no financial instruments measured at fair value that are categorized under Level 2 and 3. There has been no transfer between levels in 2018 and 2017.

## 7. Cash and Cash Equivalents

As at December 31, this account consists of:

	2018	2017
Cash on hand	P30,158	P30,150
Cash in banks	13,611,753	45,050,926
Cash equivalents	235,283	233,383
	<b>P13,877,194</b>	<b>P45,314,459</b>

The Company's cash in bank earns annual interest at 0.75% to 1.25% in 2018 and 2017. Short-term placements represents a 90-day time deposit with an average annual interest rate of one percent (1%) in 2018 and 2017.

Interest income net of final tax recognized in profit or loss which is presented under "Interest income", amounted to P0.06 million and P0.09 million for the years ended December 31, 2018 and 2017.

## 8. Short-term Investments

Short-term investments amounting to P3.22 million and P3.19 million as at December 31, 2018 and 2017, respectively, represents certificate of deposit with local bank with 180-day maturity and earns interest of one percent (1%) per annum in 2018 and 2017.

Interest income on short-term investments amounted to P0.02 million for the years ended December 31, 2018 and 2017.



## 9. Receivables

As at December 31, this account consists of:

	2018	2017
Interest receivables	P7,201,664	P6,384,453
Advances to officers and employees	-	301,355
Others	310,608	46,541
	<b>P7,512,272</b>	<b>P6,732,349</b>

Interest receivables pertains to accrued interest of debt instrument classified as 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 P0.03 million and P0.02 million for the years ended December 31, 2018 and 2017, respectively.

## 10. Available-for-Sale Financial Assets

As at December 31, this account consists of:

	2018	2017
Government debt securities	P466,075,487	P373,014,112
Corporate debt securities	304,983,988	347,678,809
Equity securities	25,664,225	30,480,550
	<b>P796,723,700</b>	<b>P751,173,471</b>

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

	2018	2017
Balance at beginning of year	P751,173,471	P761,178,427
Additions during the year	142,165,625	129,013,885
Disposals during the year	(8,952,375)	(21,270,931)
Accretion of discount during the year	745,453	457,303
Amortization of premium during the year	(731,115)	(802,598)
Reclassification	-	(87,020,796)
Net change in fair value reserve on AFS financial assets	(87,677,359)	(30,381,819)
Balance at end of year	<b>P796,723,700</b>	<b>P751,173,471</b>

In 2018 and 2017, the Company recognized interest income on AFS financial assets (net of final tax) amounting to P35.72 million and P31.50 million, respectively, with annual interest rate ranging from 4.00% to 6.80%.

Dividend income earned from equity securities amounted to P0.49 million and P0.48 million for the years ended December 31, 2018 and 2017, respectively. Loss on sale of AFS financial assets amounted to P0.44 million in 2018 and gain on sale amounted to P0.09 million in 2017.



As at December 31, 2018 and 2017, the fair value reserve on AFS financial assets recognized in statements of assets, liabilities and fund balance amounted to losses of P118.68 million and P31.01 million, respectively.

## 11. Held-to-Maturity Investments

As at December 31, 2018 and 2017, the reconciliation of the carrying amount of the Association's HTM investments are as follows:

	2018	2017
Balance at beginning of year	P184,515,887	P97,676,722
Reclassification	-	87,020,796
Accretion of discount	54,640	-
Amortization of premium during the year	(582,642)	(181,631)
Balance at end of year	P183,987,885	P184,515,887

In 2018 and 2017, the Company recognized interest income on HTM investments (net of final tax) amounting to P6.90 million and P4.14 million, respectively, with annual interest rate ranging from 4.15% to 5.38%.

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, 2018 and 2017 is more than five (5) years.

## 12. 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, 2017	P4,420,827	P2,800,000	P10,698,097	P325,979	P5,993,670	P34,238,573
Additions	187,280	1,800,000	2,755,030	-	784,741	5,337,051
Disposals/retirements	(25,640)	(850,000)	(717,138)	-	(81,610)	(1,424,388)
December 31, 2017	4,582,387	3,800,000	12,735,989	325,979	6,696,801	28,151,026
Additions	129,100	-	1,116,867	-	742,093	1,988,150
Disposals/retirements	(28,960)	(1,200,000)	(548,388)	-	(84,332)	(1,871,680)
December 31, 2018	4,682,427	2,600,000	13,304,361	325,979	7,354,562	28,267,299
<b>Accumulated Depreciation and Amortization</b>						
January 1, 2017	4,130,244	1,880,331	9,271,566	189,993	4,491,388	19,955,521
Depreciation and amortization for the year	158,762	875,999	1,651,105	65,195	977,711	3,733,772
Disposals/retirements	(25,520)	(599,999)	(704,128)	-	(81,582)	(1,411,329)
December 31, 2017	4,264,376	1,971,331	10,418,543	255,188	5,387,514	22,278,954
Depreciation and amortization for the year	187,621	715,999	1,814,836	65,195	1,181,388	3,699,049
Disposals/retirements	(28,542)	(1,189,999)	(844,729)	-	(84,301)	(1,867,545)
December 31, 2018	4,423,055	1,497,331	11,488,478	300,383	6,404,601	24,110,095
<b>Net Carrying Amounts</b>						
December 31, 2017	P327,991	P1,828,669	P2,317,447	P90,791	P1,309,287	P5,872,085
December 31, 2018	P259,352	P1,102,669	P1,815,883	P25,596	P949,744	P4,187,244

As of December 31, 2018, the Association's property, equipment and computer software were not pledged as security for liabilities.

### 13. Investment Property

On November 14, 2018, the Association acquired land and building from Tulay Sa Pag-unlad, Inc. (A Microfinance NGO) (TSPI) amounting to P56.00 million, inclusive of input VAT. No other acquisitions or disposals were made for the year. The Company's intention to the property is to earn rental income in the future.

As at December 31, 2018, the fair value of investment property amounted to P50.00 million based on the latest appraisal report determined by an independent qualified appraisers dated June 13, 2018.

The value of the property was arrived at using the market approach. In this approach, the value of the properties was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by establishing the differences between the subject property and those actual sales and listings regarded as comparable.

The properties used as bases of comparison are situated within the immediate vicinity of the subject properties. The comparison was premised on the factors of time, unit area or size, building age, unit improvements, building location, building features or amenities, bargaining allowance and others.

### 14. Accrued Expenses and Other Liabilities

As at December 31, this account consists of:

	<i>Note</i>	2018	2017
Accrued expenses		P25,919,803	P19,278,650
Payables to regulatory agencies		3,228,397	4,232,592
Accrued interest	17	1,258,945	1,014,106
Advances from officers and employees		356,480	-
		P30,763,625	P24,525,348

Accrued expenses pertains to liabilities on utilities and services incurred.

Payables to regulatory agencies include payables to Bureau of Internal Revenue (BIR), Philhealth, Pag-Ibig Fund and Social Security System.

The Association accrued interest on equity value received from the members as required by IC, however, effective February 1, 2018, interest rate on equity value reserve was reduced from 2.00% to 0.50% as approved by the BOT. Accrued interest of inactive members amounting to P0.38 million as at December 31, 2018 were transferred to claims payable -equity value and interest under "Claims payable" in 2018.

Advances from officers and employees refers to amount collected from the Association's officers and employees as advance payment for premiums.

## 15. Claims Payable

As at December 31, this account consists of:

	2018	2017
Claims payable - equity value and interest	P130,424,288	P100,498,336
IBNR claims	3,500,000	4,522,059
Claims due and unpaid/resisted	988,108	1,793,394
	<b>P134,912,396</b>	<b>P106,813,789</b>

As discussed in Note 3, the Association transferred equity value and interest of inactive members amounted to P49.98 million and P93.72 million (see Note 17) in 2018 and 2017, respectively. The entire amount is presented in claims payable - equity value and interest. Moreover, the equity value reserves transferred to the general fund balance amounted to P11.62 million.

Claims due and unpaid/resisted consists of claims payable for:

	2018	2017
Credit life	P335,925	P758,033
Basic life	264,083	369,167
Life maximum	208,100	456,000
Life plus	180,000	185,000
Mortgage redemption	-	25,194
	<b>P988,108</b>	<b>P1,793,394</b>

Movements in IBNR claims are as follows:

	2018	2017
Balance at beginning of year	P4,522,059	P3,386,108
Increase (decrease) in IBNR	(1,022,059)	1,135,951
Balance at end of year	<b>P3,500,000</b>	<b>P4,522,059</b>

Movements in claims due and unpaid/resisted are as follows:

	2018	2017
Balance at beginning of year	P1,793,394	P768,250
Claims and benefits incurred	69,326,777	51,951,422
Claims and benefits paid	(70,132,063)	(50,926,278)
Balance at end of year	<b>P988,108</b>	<b>P1,793,394</b>

Claims and benefits expense recognized in profit or loss for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Claims and benefits incurred	P69,326,777	P51,951,422
Increase (decrease) in IBNR	(1,022,059)	1,135,951
	<b>P68,304,718</b>	<b>P53,087,373</b>

## 16. 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.

The movement of the account is as follow:

	2018	2017
Balance at beginning of the year	P54,794,197	P13,132,536
Increase during the year	(1,257,645)	41,661,661
	P53,536,552	P54,794,197

Starting January 1, 2017, 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 is implemented. The application of the new valuation standards for life insurance policy reserves have no significant impact since the Association's methodology of calculating aggregate reserves is consistent with the new regulatory requirement.

## 17. 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 collected thereon.

The mandatory member's contributions collected amounting to P71.15 million and P87.00 million has a corresponding additional equity value reserve of P35.56 million and P43.50 million in 2018 and 2017, respectively.

The table below shows the roliforward analysis of the account as at December 31, 2018 and 2017.

	Note	2018	2017
Balance at beginning of the year		P89,918,184	P329,894,308
Increase in equity value		35,573,273	43,498,336
Refund of equity value		-	(1,061,444)
Reclassification to claims payable	15	(49,980,449)	(93,724,224)
Appropriation to fund assigned for members' benefit		-	(112,235,787)
Appropriation to fund assigned for capacity building		-	(48,101,052)
Transfer of forfeited equity value		-	(28,351,953)
		P75,511,008	P89,918,184

Interest expense on equity value reserves amounted to P0.40 million and P0.76 million for the years ended December 31, 2018 and 2017, respectively.

Accrued interest on equity value reserves presented as accrued interest under "Accrued expenses and other liabilities" in the statements of assets, liabilities and fund balance as at December 31, 2018 and 2017 amounted to P1.26 million and P1.01 million, respectively (see Note 14).

## 18. 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, 2018 and 2017, the guaranty fund reserves amounted to P117.58 million and P104.46 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, 2018 and 2017, the Association had restricted investments of P183.99 million and P184.52 million, respectively, with the Bureau of Treasury to cover for any valid benefit claim of any of its members (see Note 11).

The amount transferred from general fund to guaranty fund reserves amounted to P13.12 million and P14.32 million in 2018 and 2017, respectively (see Note 19).

## 19. 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. As at December 31, 2018, the Association has an excess general fund balance amounting to P73.84 million which will be appropriated by the Association in the subsequent periods.

The rollforward analysis of the account as at December 31, 2018 and 2017 are as follows:

	<i>Note</i>	<b>2018</b>	<b>2017</b>
Beginning balance		<b>P58,085,811</b>	P74,122,967
Net income for the year		<b>82,699,897</b>	72,499,453
Transfer to guaranty fund	<b>18</b>	<b>(13,116,671)</b>	(14,321,802)
Transfer to funds assigned for members benefits		-	(72,429,416)
Transfer to funds assigned for capacity building		-	(31,041,178)
Transfer of forfeited equity value		-	29,255,787
Transfer of equity value and interest from claims payable	<b>14, 15</b>	<b>11,998,516</b>	-
		<b>P139,667,553</b>	<b>P58,085,811</b>

## 20. Retirement Benefit Cost

The Association has a funded, noncontributory 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, 2018.

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)	
	2018	2017	2018	2017	2018	2017
Balance at January 1	P5,374,788	P3,067,224	P8,167,948	P6,711,834	(P3,123,244)	(P3,523,610)
Included in Profit or Loss						
Current service cost	886,488	694,779	-	-	886,488	694,779
Interest cost	316,713	159,523	369,548	304,620	(48,835)	(207,567)
	1,203,201	854,302	369,548	304,620	848,663	487,212
Included in OCI						
Remeasurement loss (gain):						
Actuarial loss (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(929,798)	(48,870)	-	-	(929,798)	(48,870)
Experience adjustment	1,157	2,114,049	-	-	1,157	2,114,049
Return on plan assets including interest income	-	-	(1,228,907)	(115,655)	1,228,907	115,655
Change in the effect of asset ceiling (movement in asset ceiling - interest expense on effect of asset ceiling)	-	-	1,892,797	(123,150)	(1,892,797)	(123,150)
	(928,641)	2,065,179	663,890	107,495	(1,952,441)	1,958,294
Others						
Contributions paid by the employer	-	-	-	925,000	-	(925,000)
Benefits paid	(2,350,000)	-	(2,350,000)	-	-	-
	(2,350,000)	-	(2,350,000)	925,000	-	(925,000)
Balance at December 31	P3,782,362	P5,976,706	P6,782,366	P8,107,949	(P3,888,602)	(P2,130,244)

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

	2018	2017
Balance at beginning of year	P3,061,392	P3,030,502
Remeasurement gain on the change in the effect of asset ceiling	(1,892,797)	(123,150)
Interest expense on effect of asset ceiling	159,207	154,040
Balance at end of year	P1,327,802	P3,061,392

The Association's plan assets consist of the following:

	2018	2017
Unit investment trust funds	P6,737,761	P9,471,235
Mutual funds	1,371,460	1,697,821
Cash	966	285
	P8,110,187	P11,169,341

The table below shows the rollforward analysis of remeasurement gain (loss) on retirement asset account presented under statements of assets, liabilities and fund balance as at December 31, 2018 and 2017.

	2018	2017
Beginning balance	(P1,401,590)	P556,694
Remeasurement gain (loss) of retirement asset	1,592,441	(1,958,284)
	<b>P190,851</b>	<b>(P1,401,590)</b>

The Association is not required to contribute to the defined benefit retirement plan for 2018. The following were the principal actuarial assumptions at the reporting date:

	2018	2017
Discount rate	7.63%	5.20%
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 30.26 in 2018.

The weighted-average duration of the defined benefit obligation is 19.70 years and 11.96 years as at December 31, 2018 and 2017, respectively.

Maturity analysis of the benefit payments:

	Carrying Amount	Contractual Cash Flows	2018		
			Within 1 Year	Within 1-5 Years	More than 5 Years
Defined benefit obligation	P3,702,362	P4,197,080	P1,420,677	P600,514	P2,175,889

#### 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)	(P288,768)	P338,469
Future salary growth (1% movement)	305,930	(265,320)

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.



## 21. Salaries and Other Employee Benefits

The account consists of:

	<i>Note</i>	2018	2017
Salaries		P25,049,095	P25,399,609
Bonuses		7,901,219	8,463,337
Contributions to SSS, Philhealth, and Pag-ibig		2,240,220	2,133,060
Employees' leave conversion		1,183,048	1,162,612
Retirement expense	20	645,662	457,082
Staff training expenses		341,072	292,475
Others		2,576,524	3,502,985
	25	P39,936,840	P41,411,160

Salaries pertains to the basic salaries of employees not directly related to underwriting of policies and claims handling activities (support employees) of the Association.

Bonuses consists of the 13th month pay and other bonuses paid to the support employees.

Others includes other benefits granted to support employees.

## 22. Other Direct Costs

This account consists of:

	<i>Note</i>	2018	2017
Collection fees	24, 25	P39,509,036	P29,886,992
Membership enrollment and marketing fees	25	11,593,015	14,092,525
Direct salaries and benefits expenses	25	10,600,073	9,551,889
		P61,702,123	P53,531,406

Collection fees represents the amount paid to TSPI for collection services as stated in the Memorandum of Agreement between the two (2) parties (see Note 24).

Membership enrollment and marketing fees pertains to the amount paid to insurance officers in marketing the product, including member mobilization, and production of policy forms and promotional materials of the Association.

Direct salaries and benefits expenses represents the salaries of officers and employees directly related to the underwriting of policies and claims handling activities of the Association.

### 23. Maturity Analysis of Financial and Non-financial Assets and Liabilities

The following table presents the assets and liabilities as at December 31, 2018 and 2017 analyzed according to when they are expected to be recovered or settled within one year and beyond one year from the reporting date:

		2018		
	Note	Due Within One Year	Due Beyond One Year	Total
<b>Financial Assets</b>				
Cash and cash equivalents	7	P13,877,194	P -	P13,877,194
Short-term investments	8	3,218,401	-	3,218,401
AFS financial assets	10	-	796,723,700	796,723,700
HTM investments	11, 18	-	183,987,885	183,987,885
Receivables	9	7,512,272	-	7,512,272
Other assets		330,778	-	330,778
		24,938,645	980,711,585	1,005,650,230
<b>Non-financial Assets</b>				
Property, equipment and computer software - net	12	4,157,244	-	4,157,244
Investment property	13	-	56,000,000	56,000,000
Refirement asset	20	3,080,023	-	3,080,023
Other assets		636,566	-	636,566
		P32,812,478	P1,036,711,585	P1,069,524,063
<b>Financial Liabilities</b>				
Accrued expenses and other liabilities	14	P27,535,228	P -	P27,535,228
Claims payable	15	134,912,396	-	134,912,396
Due to related party	24	34,770,038	-	34,770,038
Equity value reserves	17	75,511,008	-	75,511,008
		272,728,670	-	272,728,670
<b>Non-financial Liabilities</b>				
Accrued expenses and other liabilities	14	3,228,397	-	3,228,397
Aggregate reserves	16	53,536,552	-	53,536,552
		P329,493,619	P -	P329,493,619

		2017		
	Note	Due Within One Year	Due Beyond One Year	Total
Financial Assets				
Cash and cash equivalents	7	P45,314,459	P -	P45,314,459
Short-term investments	8	3,192,525	-	3,192,525
AFS financial assets	10	-	751,173,471	751,173,471
HTM investments	11, 18	-	184,515,887	184,515,887
Receivables	9	6,732,349	-	6,732,349
Due from related party		8,197,755	-	8,197,755
Other assets		88,318	-	88,318
		63,525,406	935,689,358	999,214,764
Non-financial Assets				
Property, equipment and computer software - net	12	5,872,085	-	5,872,085
Retirement asset	20	2,133,244	-	2,133,244
Other assets		1,047,099	-	1,047,099
		P72,577,834	P935,689,358	P1,008,267,192
Financial Liabilities				
Accrued expenses and other liabilities	14	P20,292,756	P -	P20,292,756
Claims payable	15	106,813,789	-	106,813,789
Equity value reserves	17	89,918,184	-	89,918,184
		217,024,729	-	217,024,729
Non-financial Liabilities				
Accrued expenses and other liabilities	14	4,232,592	-	4,232,592
Aggregate reserves	16	54,794,197	-	54,794,197
		P275,051,518	P -	P275,051,518

#### 24. 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	2018	24a	P262,333,419	P14,898,767	Payable on demand; non-interest bearing	Unsecured; no impairment
	2017	24a	286,436,025	19,008,710		
• Claims and benefits paid	2018	24d	70,132,063	(14,368,825)	Payable on demand; non-interest bearing	Unsecured
	2017	24d	50,926,278	(10,811,935)		
• Collection fees	2018	24c, 22	39,606,038	-	Payable on demand; non-interest bearing	Unsecured
	2017	24c, 22	29,686,992	-		
• Acquisition of investment property	2018	13	56,000,000	(36,000,000)		
	2017		-	-		
<b>TOTAL</b>	<b>2018</b>			<b>(P34,770,836)</b>		
<b>TOTAL</b>	<b>2017</b>			<b>P8,197,755</b>		

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

- 24a. 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.
- 24b. 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, 2018 and 2017, the outstanding balance of P14.37 million and P10.81 million, respectively, represents the settlement claims advanced by TSPI.
- 24c. 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 seven percent (7%) service fee based on members' contributions and premiums collected for the services rendered for the Association.

However, based on the Amendment to the Memorandum of Agreement dated September 27, 2017, the Association agreed to pay a collection fee of 15% of premiums collected.

In 2018 and 2017, marketing and sales expenses amounting to P39.51 million and P29.89 million, respectively, were recognized as part of "Collection fees" in Other direct costs account in the Statement of Comprehensive Income (see Notes 22 and 25).

#### Compensation of Key Management Personnel

Total short-term remuneration of the Association's key management personnel amounted to P5.80 million and P7.64 million for the years ended December 31, 2018 and 2017, respectively and are recorded under "Salaries and other employee benefits" in profit or loss. Post-employment benefits amounted to P3.87 million and P1.84 million for the years ended December 31, 2018 and 2017, respectively.

## 25. Reclassifications

The Association reclassified certain accounts in the statement of comprehensive income for the period ended December 31, 2017 to be consistent with the nature of the accounts.

	Note	Before Reclassifications	Reclassifications	After Reclassifications
General and administrative expenses:				
Marketing and sales		P43,979,517	(P43,979,517)	P -
Salaries and other employee benefits	21	50,983,049	(9,551,889)	41,411,160
Claims benefits and other costs:				
Collection fees	22	-	29,886,992	29,886,992
Membership enrollment and marketing fees	22	-	14,092,525	14,092,525
Direct salaries and benefits expenses	22	-	9,551,889	9,551,889
		P94,942,566	P -	P94,942,566

The above reclassifications had no material effect on the information in the statements of assets, liabilities and fund balance, and statements of comprehensive income as at and for the year ended December 31, 2017. Accordingly, management did not present the statements of assets, liabilities and fund balance at the beginning of the current comparative period.

## 26. 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 PFRS, 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 PFRS.

The following is the tax information required for the taxable year ended December 31, 2018:

### A. Withholding Taxes

Expanded withholding taxes	P3,133,260
Tax on compensation and benefits	1,172,193
	P4,305,453

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

Other taxes paid during the year recognized under "Taxes and licenses" account under General and Administrative Expenses	
License and permit fees	P112,878

### **C. Tax Contingencies**

On October 25, 2017, the Association received a Letter of Authority from BIR RDO No. 050-South Makati regarding the examination of the Association's books of accounts for the period from January 1, 2016 to December 31, 2016. The Notice of Informal Conference was received on November 29, 2018. As of date, there is no Preliminary Assessment Notice yet.



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**REPORT OF INDEPENDENT AUDITORS  
TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING  
WITH THE SECURITIES AND EXCHANGE COMMISSION**

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

We have audited the financial statements of TSPI Mutual Benefit Association, Inc. (the Association) as at and for the year ended December 31, 2018, on which we have rendered our report April 8, 2019.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Association taken as a whole. The following schedules of supplementary information are the responsibility of the Association's management:

- (a) Schedule of Philippine Financial Reporting Standards; and
- (b) Schedule of Receipts and Disbursements According to their Sources and Activities.

These 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**R.G. MANABAT & CO.**

*Vanessa P. Macamos*

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SEC Accreditation No. 1619-A, Group A, valid until March 15, 2020  
Tax Identification No. 920-961-311  
BIR Accreditation No. 08-001987-38-2016  
Issued December 16, 2016; valid until December 15, 2019  
PTR No. MKT 7333621  
Issued January 3, 2019 at Makati City

April 8, 2019  
Makati City, Metro Manila



**TSPI MUTUAL BENEFIT ASSOCIATION, INC.**  
**LIST OF EFFECTIVE STANDARDS AND INTERPRETATIONS SCHEDULE OF**  
**ALL PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRS) [WHICH**  
**CONSISTS OF PFRS, PHILIPPINE ACCOUNTING STANDARDS (PAS) AND**  
**PHILIPPINE INTERPRETATIONS] EFFECTIVE AND NOT EFFECTIVE**  
**AS AT DECEMBER 31, 2018**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018:		Adopted	Not Adopted	Not Applicable
<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			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation			✓
	Amendments to PFRS 3: Definition of a Business			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PFRS 4	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	✓		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Annual Improvements to PFRSs 2012-2014 Cycle: Changes in method for disposal			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	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			✓
PFRS 8	Operating Segments			✓
	Annual Improvements to PFRSs 2010-2012 Cycle: Disclosures on the aggregation of operating segments			✓
PFRS 9	Financial Instruments (2014)		✓	
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓

<sup>1</sup> The Association will adopt these new and/or amendment standards on January 1, 2019.

<sup>2</sup> The Association availed the temporary exemption.

<sup>3</sup> The Interpretations are approved by PIC and FRSC but pending approval of BOA.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
<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			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PFRS 3 and PFRS 11 - Previously held interest in a joint operation			✓
<b>PFRS 12</b>	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 -2018 Cycle: Clarification of the scope of the standard			✓
<b>PFRS 13</b>	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			✓
<b>PFRS 14</b>	Regulatory Deferral Accounts			✓
<b>PFRS 15</b>	Revenue from Contracts with Customers	✓		
<b>PFRS 16</b>	Leases		✓ <sup>1</sup>	
<b>PFRS 17</b>	Insurance Contracts		✓ <sup>2</sup>	

<sup>1</sup> The Association will adopt these new and/or amendment standards on January 1, 2019.

<sup>2</sup> The Association availed the temporary exemption.

<sup>3</sup> The Interpretations are approved by PIC and FRSC but pending approval of BOA.

<sup>4</sup> The Association will adopt this new standard on January 1, 2013.

<sup>5</sup> The Association will adopt this new standard on January 1, 2020.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
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 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	✓		
	Amendments to PAS 1 and PAS 8: Definition of Material		✓	

<sup>1</sup> The Association will adopt these new and/or amendment standards on January 1, 2019.

<sup>2</sup> The Association availed the temporary exemption.

<sup>3</sup> The Interpretations are approved by PIC and FRSC but pending approval of BOA.

<sup>4</sup> The Association will adopt this new standard on January 1, 2013.

<sup>5</sup> The Association will adopt this new standard on January 1, 2020.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
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	✓		
	Amendments to PAS 1 and PAS 8: Definition of Material		✓	
PAS 10	Events after the Reporting Period	✓		
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			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 12 - income tax consequences of payments on financial instruments classified as equity			✓
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 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			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓

<sup>1</sup>The Association will adopt these new and/or amendment standards on January 1, 2019.

<sup>5</sup>The Association will adopt this new standard on January 1, 2020.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
	Annual Improvements to PFRSs 2015-2017 Cycle: Amendments to PAS 23 -Borrowing costs eligible for capitalization			✓
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			✓
PAS 28 (Amended)	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			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	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			✓
PAS 33	Earnings per Share			✓
PAS 34	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'			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	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			✓
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 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			✓
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 Property	✓		
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			✓



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
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 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
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	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✓
IFRIC 23	Uncertainty over Income Tax Treatments		✓ <sup>1</sup>	
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-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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2007-02	PAS 20,24,37 and PAS 39.43 - Accounting for government loans with low interest rates			✓
PIC Q&A 2007-03	PAS 40.27 -Valuation of bank real and other properties acquired (ROPA)			✓
PIC Q&A 2008-01- Revised	PAS 18.76 -Rate used in discounting post-employment benefit obligations	✓		
PIC Q&A 2009-01	Framework.23 and PAS 1.23 -Financial statements prepared on a basis other than going concern			✓
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 2011-02	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 2013-02	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 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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2016-03	Accounting for Common Areas and the Related Subsequent Costs by Condominium Corporations			✓
PIC Q&A 2016-04	Application of PFRS 15 "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre- Completion Contracts			✓
PIC Q&A 2017-01	Conforming Changes to PIC Q&As - Cycle 2017			✓
PIC Q&A 2017-02	PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building			✓
PIC Q&A 2017-03	PAS 28 - Elimination of profits and losses resulting from transactions between associates and/or joint ventures			✓
PIC Q&A 2017-04	PAS 24 - Related party relationships between parents, subsidiary, associate and non-controlling shareholder	✓		
PIC Q&A 2017-06	PFRS 7 -Frequently asked questions on the disclosure requirements of financial instruments under PFRS 7, Financial Instruments: Disclosures			✓
PIC Q&A 2017-06	PAS 2, 16 and 40 -Accounting for Collector's Items			✓
PIC Q&A 2017-07	PFRS 10 -Accounting for reciprocal holdings in associates and joint ventures			✓
PIC Q&A 2017-08	PFRS 10 -Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture			✓
PIC Q&A 2017-09	PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees			✓
PIC Q&A 2017-10	PAS 40 - Separation of property and classification as investment property			✓
PIC Q&A 2017-11	PFRS 10 and PAS 32 - Transaction costs incurred to acquire outstanding non-controlling interest or to sell non-controlling interest without a loss of control			✓
PIC Q&A 2017-12	Subsequent Treatment of Equity Component Arising from Intercompany Loans			✓
PIC Q&A 2018-01	Voluntary changes in accounting policy			✓
PIC Q&A 2018-02	Non-controlling interests and goodwill impairment test			✓
PIC Q&A 2018-03	Fair value of PPE and depreciated replacement cost			✓
PIC Q&A 2018-04	Inability to measure fair value reliably for biological assets within the scope of PAS 41			✓
PIC Q&A 2018-05	Maintenance requirement of an asset held under lease			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PIC Q&A 2018-06	Cost of investment in subsidiaries in SFS when pooling is applied			✓
PIC Q&A 2018-07	Cost of an associate, joint venture, or subsidiary in separate financial statements			✓
PIC Q&A 2018-08	Accounting for the acquisition of non-wholly owned subsidiary that is not a business			✓
PIC Q&A 2018-09	Classification of deposits and progress payments as monetary or non-monetary items			✓
PIC Q&A 2018-10	Scope of disclosure of inventory write-down			✓
PIC Q&A 2018-11	Classification of land by real estate developer			✓
PIC Q&A 2018-12	PFRS 15 implementation issues affecting the real estate industry			✓
PIC Q&A 2018-13	Conforming Changes to PIC Q&As -Cycle 2018			✓
PIC Q&A 2018-14	PFRS 15 - Accounting for Cancellation of Real Estate Sales			✓
PIC Q&A 2018-15	PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current			✓
PIC Q&A 2018-16	PFRS 13 - Level of fair value hierarchy of government securities using Bloomberg's standard rule on fair value hierarchy	✓		
PIC Q&A 2019-01	Accounting for service charges under PFRS 15, Revenue from Contracts with Customers			✓
PIC Q&A 2019-02	Accounting for cryptographic assets			✓

**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.

**TSPI Mutual Benefit Association, INC.**  
**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018
<b>Receipts</b>	
Members' contributions and premiums	P262,069,519
Decrease in:	
Receivables	37,287
Due from related party	8,197,755
Other assets	168,073
Increase in:	
Accrued expenses and other liabilities	8,511,328
Due to related party	34,770,038
Proceeds from:	
Disposal of available-for-sale financial assets	8,514,978
Interest income received	42,745,315
Dividend received	488,723
<b>Total Receipts</b>	<b>365,503,016</b>
<b>Disbursements</b>	
Benefits paid - death benefits	69,326,778
Other direct costs	61,702,123
Operating expense	53,078,643
Decrease in:	
Claims payable	8,861,269
Interest paid	2,671,452
Purchase of:	
Fixed assets	1,246,087
Electronic data processing	742,063
Investments	142,165,627
Investment property	56,000,000
Utilization of client benefits fund	1,120,363
<b>Total Disbursements</b>	<b>396,914,405</b>
<b>Net Cash Receipts</b>	<b>(31,411,389)</b>
Add: Cash fund at beginning of the year	48,606,984
<b>Total Cash Fund Current Year</b>	<b>P17,095,595</b>

*Yee*

## SCHEDULE OF CONTRIBUTIONS/DONATIONS

Name of Foundation/Organization <b>TSPI MUTUAL BENEFIT ASSOCIATION, INC.</b>	SEC Registration No. <b>200508617</b>
For the year ended	<b>December 31, 2018</b>

Part I	Contributors/Donors
--------	---------------------

(a) No.	(b) Name and Address	(c) Nationality	(d) Total Contributions	(e) Type of Contribution
1	NIL		NIL	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	NIL		NIL	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
3	NIL		NIL	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
4	NIL		NIL	Cash <input checked="" type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

A contributor or donor includes individuals, partnerships, corporations, associations, trusts and organizations.

If supranational organization, indicate place of principal office or domicile.

Contributions or donations reportable on the schedule are contributions, donations, grants, bequests, devises, and gifts of money or property, amounting to P100,000.00 or more from each contributor or donor.

## SCHEDULE OF CONTRIBUTIONS/DONATIONS

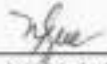
Name of Foundation/Organization <b>TSPI MUTUAL BENEFIT ASSOCIATION, INC.</b>	SEC Registration No. <b>200508617</b>
For the year ended	<b>December 31, 2018</b>

Part II	Noncash Property
---------	------------------

(a) No. from Part I	(b) Description of noncash property given	(c) Fair Market Value (or estimate)	(d) Date received
1	NIL	NIL	NIL
2	NIL	NIL	NIL
3	NIL	NIL	NIL
4	NIL	NIL	NIL

Signed under oath by the following:

Signature   
**ATTY. LEONARDA A. BANASEN**  
 Director-Legal/OIC

Signature   
**NEDRA A. NAYVE**  
 Director – Finance & Admin./OIC

Signed this \_\_\_\_th day April 2019

REPUBLIC OF THE PHILIPPINES)  
MAKATI CITY )S.S.

### AFFIDAVIT

We, **MA. LUZ A. PLANAS**, and **FLORENCIA G. TARRIELA**, both of legal age, Filipinos, with the same office address at 3<sup>rd</sup> Floor, Tulay sa Pag-unlad Inc. (TSPI) Bldg., 2363 Antipolo St., Guadalupe Nuevo, Makati City, after having been sworn according to law, hereby depose and state:

1. We are both Trustees being the Chairman and Treasurer, respectively of TSPI Mutual Benefit Association Inc., a non-stock, non-profit organization duly organized and existing under and by virtue of the laws of the Republic of the Philippines with principal office address at the 3<sup>rd</sup> Floor, Tulay sa Pag-unlad Inc. (TSPI) Bldg., 2363 Antipolo St., Guadalupe Nuevo, Makati City;
2. Based on the records of the Organization, the specific receipts and disbursements of its funds for the year ended December 31, 2018, are shown in the schedule of receipts and disbursements;
3. We hereby attest that the foregoing statements are correct and in accordance with the records of the Organization.

IN WITNESS WHEREOF, we have hereunto set our hands this  
APR 15 2019

  
**MA. LUZ A. PLANAS**  
Chairman

  
**FLORENCIA G. TARRIELA**  
Treasurer

SUBSCRIBED AND SWORN TO BEFORE ME in MAKATI CITY, this  
APR 15 2019, Affiants exhibiting to me SSS ID No. 03-1349190-8 and Passport ID No. P3341932A issued on June 9, 2017 at DFA Manila, respectively as competent evidence of their identities.

  
**ATTY. JUANCHITO DAVID R. TABLANG**

Notary Public for Makati City  
**NOTARY PUBLIC**  
Commission No. 14-183, until December 31, 2020  
PTR No. 7334217 : 01/03/2019 / Makati City  
IBP No. 056773 : 12/12/2019 / Makati City  
Roll of Attorney: 42002  
MCLE Compliance No. VI-0015377  
2016 Magsaysay St.,  
Brgy. Guadalupe Nuevo, Makati City

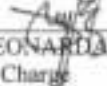
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Page No. 17  
Book No. CC000011  
Series of 2019.

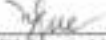


### SWORN STATEMENT

This is to certify that the following schedules for the year ended 31 December 2018 are, to the best of our knowledge, complete and accurate:

1. Schedule of Receipts or Income Other Than Contributions and Donations
2. Schedule of Contributions and Donations
3. Schedule of Disbursements and
4. Details of Material Disbursements


Signature   
ATTY. LEONARDA D. BANASEN-Corporate Secretary  
Officer in Charge

Signature   
NELIA A. NAYVE – Director, Finance & Admin.  
Officer in Charge

Signed this \_\_\_th day of April 2019

SUBSCRIBED AND SWORN TO BEFORE ME this APR 11 2019, at  
MAKATI CITY, affiants exhibiting the following:

ATTY. LEONARDA D. BANASEN	-	Driver's License No. D16-94-101543
NELIA A. NAYVE	-	Passport #EC0997445 Manila 05 May 2014 to 04 May 2019

  
ATTY. JUANCHITO DAVID R. TABLANG  
Notary Public  
Commission No. M-161, until December 31, 2020  
PTR No. 7334217 : 01/03/2019 / Makati City  
IBP No. 056773 : 12/12/2019 / Makati City  
Roll of Attorney: 42002  
MCLE Compliance No. VI-0015377  
2016 Magsaysay St.,  
Brgy. Guadalupe Nuevo, Makati City

Doc. No. 390 ;  
Page No. 74 ;  
Book No. 699941 ;  
Series of 2019.

ANNEX A

**CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF  
THE FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS**

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of the entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for TSPI MUTUAL BENEFIT ASSOCIATION, INC. for the period ending 31 December 2018.

In discharging this responsibility, I hereby declare that I am the Director – Finance and Administration of TSPI Mutual Benefit Association, Inc.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to the Financial Statements, I was not assisted by or did not avail of the services of R.G. Manabat & Co. who is the external auditor who rendered the audit opinion for the said Financial Statements and Notes to the Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

Signature Over Printed Name: NELIA A. NAYVE

Professional Identification Card No.: 2599539  
Valid Until: May 25, 2019

Accreditation Number: 5015  
Valid Until: May 25, 2020

SUBSCRIBED AND SWORN to before me, in the City of Alabang  
on APR 11 2019 Affiant exhibiting to me his/her Passport  
with No. EC0943445 issued at Manila on May 5, 2014

ATTY. JUANCHON DAVID R. TABLANG

Notary Public for Makati City  
Commission No. M-189, until December 31, 2020  
PTR No. 7334217 : 01/03/2019 / Makati City  
ISP No. 056773 : 12/12/2019 / Makati City  
Roll of Attorney: 42002  
MCLE Compliance No. VI-0015377  
2016 Magsaysay St.,  
Brgy. Guadalupe Nuevo, Makati City

Doc. No. 371  
Page No. 35  
Book No. LC-5554  
Series of 2019