A Promise of Hope
Partners for Purpose

Annual Report 2025

ASA
PHILIPPINES®
Palaguin ang pag-asa

About the Cover

ASA Philippines is driven by its mission of helping alleviate poverty through holistic financial programs and initiatives that provide opportunities and security for its women microentrepreneur clients and their families. The main image of the nanay and ASA staff symbolizes the collaboration between the two in the pursuit of a common goal to uplift the Filipino family and their communities.

The images of clients proudly displaying their businesses not only serve as a testament to the success of this partnership, but more so reflect the hard work and dedication the nanays have put in to provide a better life for their families.

Featuring ASA nanays (clockwise from top) Mineth Pamintan, Mary Jane Boyles, Esmena Navarro, Myrna Mamac, Corazon Gucor, Maria Josette Elvezon, and Josie Ganuhay, as well as Nanay Florimae Bebanco and ASA Area Administrator Jannine Tolibas in the foreground.

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About ASA Philippines Foundation

ASA Philippines is a non-profit, non-stock microfinance NGO driven by its core mandate to help alleviate poverty in the Philippines via financial inclusion. It empowers underprivileged women in low-income communities by providing access to financial services that enable them to strengthen existing microbusinesses, build sustainable and resilient livelihoods and improve their families' quality of life.

Serving over 2 million women clients through more than 1,800 branches nationwide, its primary offerings include microbusiness and agri financing, subsidiary financing for water and sanitation, home repair and education expenses as well as savings and safety nets like family insurance programs and community support services.

It views accessible financial services and holistic social development programs, such as the Sustansya at Pag-ASA (Child Nutrition Program) and Agapay, Aral, at Pag-ASA (Tertiary Education Assistance Program), as inseparable components of its core mission to empower the underprivileged to lead lives of dignity and break the cycle of intergenerational poverty.

Vision

A country where we are proud of, where every Filipino family has the opportunity and the power to break free from poverty – building a life of dignity and integrity.

Mission

To empower women microentrepreneurs and enable them to uplift their families through inclusive services and safety nets, while fostering an environment where our team can pursue meaningful careers and experience the fulfillment of transforming lives.

AMBASSADOR JOSE L. CUISIA, JR.
Chairman of the Board

Message from the Chairman of the Board

Following our landmark 20th anniversary, 2025 was a year of physical renewal and strategic transformation for ASA Philippines Foundation. Building on our two decades of service, we introduced our new brand identity and embraced our unifying theme: *Palaguin ang Pag-asa.* This revitalization is not merely a change in our corporate look; it reaffirms our core mission to serve as a beacon of hope and opportunity. It reflects our steadfast promise to grow hope for the millions of persevering Filipino women microentrepreneurs who rely on our institution.

> **Together, we will ensure that ASA Philippines Foundation remains a catalyst for inclusive growth and social transformation for future generations.**

Our core microfinance operations continue to serve as a critical mechanism for poverty alleviation and economic mobility. By deploying targeted capital, savings, and safety net programs, we facilitate sustainable income generation at the household level. This intervention empowers our *nanay* clients to participate in the local economy, diversify household revenue streams and reduce dependency on a single income source. Consequently, this financial inclusion builds a foundation of economic resilience against external shocks.

This resilience was deeply tested in 2025, a year marked by numerous devastating typhoons and earthquakes across the Philippines. Through these unprecedented challenges, ASA remained steadfast in its commitment to our communities. We mobilized swift and timely relief efforts to assist our *nanays* and their families in their most vulnerable moments. None of this would have been possible without the extraordinary courage and dedication of our field staff on the ground, who bravely navigated difficult conditions to deliver aid and reassurance.

To manage the increasing complexity of our nationwide operations and accommodate our growing team, we required a bigger central office. Thus, 2025 marked our historic transfer to the new ASA Head Office—a strategic hub that anchors our network and strengthens our capacity to be a holistic development partner. As we scale, better internal controls, stronger corporate governance, and accelerated digitalization have become paramount to ensure we serve our *nanays* efficiently, transparently, and securely.

In line with expanding our holistic services, we prioritized client protection by launching our new Microinsurance program in partnership with Sunlife Grepa Financial Inc. This initiative provides essential security and a financial safety net, safeguarding our *nanay* clients and their families against life's uncertainties. To further support our clients in managing and sustaining their microbusinesses, we also launched the *Tawid Negosyo* program. This facility addresses the urgent cash needs of ASA clients whenever their business capital becomes insufficient due to unforeseen situations in their business or household. These targeted milestones ensure our clients are not only empowered with capital but are actively protected against life's unforeseen vulnerabilities.

To ensure our operational capabilities effectively drive these new initiatives, we launched the Performance Management System to standardize and more objectively measure employee performance across the organization. This was implemented alongside the establishment of a Corporate Balanced Scorecard so that every division's initiatives align with ASA Philippines' overall strategic goals.

Central to our philosophy is the fundamental belief that our organizational strength lies in our dedicated workforce of more than 12,000 employees. Building on the establishment of the ASA Retirement Plan, the Board approved comprehensive HMO and Group Life Insurance coverage this year. To recognize the vital contributions of our frontline staff and as part of our commitment to ensure a competitive, equitable and sustainable compensation, the Board approved the implementation of salary adjustments for positions within the Field Operations Group and Central Office. We also prioritized modernizing our fieldwork capabilities by distributing tablets and motorcycles to our field staff (AVPs and below)—an ongoing rollout that, once completed, will ensure they are fully equipped with the reliable tools necessary to serve safely and efficiently. In the coming years, employees can expect the Board's continued and deepening commitment to their welfare, holistic development, and personal security.

I wish to commend the entire management and staff of ASA Philippines for your performance in 2025. Your hard work, adaptability, and compassion drove our success during a demanding year. Looking ahead, I have the utmost confidence that with the dedication of everyone in the ASA family, we will conquer even greater heights.

Together, we will ensure that ASA Philippines Foundation remains a catalyst for inclusive growth and social transformation for future generations.

RAFAEL 'RAPA' C. LOPA
President and CEO

Message from the President and CEO

2025 was a year that tested the resilience of the Filipino people yet again. We witnessed our communities face compounding challenges—from the persistent rise in the cost of basic commodities to the devastating typhoons and floods that damaged homes and disrupted livelihoods. In the face of these overwhelming trials, which inevitably worsen the daily hardships of the marginalized, the true strength and purpose of ASA Philippines Foundation were vividly brought to light.

Please remember that every role in this foundation matters. Together, we form the heartbeat that keeps hope alive for millions of families.

As I reflect on my first full year back as President and CEO, I am continually humbled by the unwavering dedication of our staff and the unyielding spirit of our *nanays*. Amidst the darkness of these calamities, our team on the ground carried the light of hope. Driven by our commitment to deliver measurable, life-changing impact, we expanded our services to reach a total active borrower base of close to 2.4 million—surpassing our target—with our outstanding loan portfolio reaching PhP 46.5 billion.

At this point, I want to express my deepest gratitude to our *nanay* clients for their enduring loyalty and trust. As evidenced by the figures above, It is through their continued support, alongside their steadfast commitment and cooperation in responsibly settling their loan obligations, that we are able to expand our operations, improve our services, and reach even more women microentrepreneurs who need capital to provide their families with another income stream.

Furthermore, the earnings generated from our core microfinance lending operations are plowed directly back into our clients' communities—funding vital support services, providing scholarships for the children of our *nanay* clients, and delivering immediate relief aid when it is needed the most. Our operational focus this year was to ensure that our financial services translate into holistic, protective support.

A milestone achievement was the launch of the much awaited ASA Microinsurance program. Between its launch in October and the end of the year, we successfully insured 385,401 *nanay* members. More importantly, we processed claims with an average turnaround time of just 1.35 days, ensuring that immediate financial relief reached our families exactly when they needed it most.

We also significantly scaled our social impact initiatives to address the broader realities of poverty. Our child feeding program nourished 42,405 schoolchildren, achieving a highly promising 70.27% recovery rate from malnutrition in monitored schools. Recognizing that education is the great equalizer, we expanded our scholarship program remarkably from 7,000 to 20,000 active scholars, with 9,506 graduates in 2025 —the vast majority of whom are children of our *nanays*. Furthermore, through our *Puno ng Pag-asa* movement, our employees, clients, and partners united to plant 226,166 trees, taking a definitive, collective step toward our goal of one million trees by 2027 to help protect our shared environment.

The scale of this impact is also the direct result of the sacrifices of our extraordinary workforce. I am proud to share that 42% or a total of 4,601 of our staff are children of our *nanays*, and another 27% are immediate relatives. You are not just serving the community; you *are* the community. To better equip our team, we prioritized operational upgrades—distributing motorcycles and tablets for safer, more efficient fieldwork, and establishing comprehensive health and life insurance partnerships with AVEGA and AXA. These measures, along with phased salary adjustments across identified positions in our field operations and central office, were implemented to ensure that the people uplifting our communities are uplifted in return.

As we begin the next chapter of our story, I ask our entire ASA family to carry forward three guiding principles: first, *Listen* deeply to the struggles and stories of our *nanays* and your teammates; second, *Stay Humble*, remaining open to learning and collaboration; and third, always *Remember our "Why"*—the fundamental reason for our daily sacrifices.

Please remember that every role in this foundation matters. Together, we form the heartbeat that keeps hope alive for millions of families. With the ongoing guidance from our Board of Trustees, the support we gain from our institutional partners, and everyone's collective commitment, I have full confidence that we will accomplish even more in the coming years. Let us continue to build a more inclusive and prosperous future.

Sama-sama nating *Palaguin ang Pag-ASA!*

ASA PHILIPPINES

Beyond the Balance Sheet:

Translating Growth into Social Equity

At ASA Philippines, we strive for continuous growth and operational excellence to best serve our primary stakeholders—our more than 2.4 million nanay clients and their families. The funds earned from our microfinancing programs are funneled back to our nanays, families, and underserved communities through various initiatives covering education and livelihood programs, disaster and emergency response, health and medical aid, water and sanitation, as well as food and nutrition. We listen intently to their needs to come up with products and programs that help provide both opportunity and security for our nanays for the long haul.

Operational Highlights

In 2025, ASA Philippines Foundation underwent a significant structural transformation and operational expansion. Despite rising commodity prices and severe climate disruptions, the Foundation remained committed to its mission of poverty alleviation through inclusive development.

By engaging closely with stakeholders, ASA remained focused on its core mission. We converted operational growth into an expanded social safety net for clients. In 2025, our network reached 2,394,073 active borrowers, up from 2,214,457 in 2024, surpassing our growth targets. This expansion drove our outstanding loan portfolio to PhP 46.5 billion, strengthening ASA's leadership in the microfinance sector.

Beyond credit access, a true measure of our social impact is our clients' ability to accumulate wealth or extra income and build personal safety nets. In 2025, our base of active savers grew to 2,396,486 while total client savings reached a remarkable PhP 21,706,924,437, higher than the PhP 20,223,495,241 recorded in 2024. This consistent growth in savings proves that our *nanays* are successfully generating surplus income from their micro-enterprises rather than merely surviving cycle to cycle. It underscores their increasing financial literacy, their expanding capacity to withstand future economic shocks, and the deep trust they place in ASA Philippines as the institutional custodian of their hard-earned progress.

Total Active Borrowers

2,214,457 (2024) ▶ **2,394,073** (**2025**)

Total Active Savers

2,216,462 (2024) ▶ **2,396,486** (**2025**)

Total Client Savings

PhP 20.2 Billion (2024) ▶ **PhP 21.7 Billion** (**2025**)

Outstanding Loan Portfolio

PhP 41.2 Billion (2024) ▶ **PhP 46.5 Billion** (**2025**)

A New Home and a Renewed Identity

This era of expansion was physically and visually cemented during the blessing of our new central office in Taguig City, where we proudly unveiled our reimagined corporate logo and unifying themeline. The new, simpler, and more iconic logo retains our two most vital motifs: the Sun and the Caring Hands. The vibrant Yellow Orange Sun symbolizes life-giving hope (pag-asa) and the dream of a better life, while the earthy Yellow Ochre Caring Hands represent kalinga—the emotional and technical support that comes naturally with our service, as well as the achievement of goals through hard work.

Because the name "ASA" translates to "Hope" in both Bangla and Filipino, our new themeline—*Palaguin ang Pag-asa*—builds upon this inherent foundation. It signifies a dynamic evolution: we are moving beyond simply being a beacon of hope to actively nurturing it into tangible, life-altering realities. It represents a sustained partnership driven by mutual accountability, leading directly to the growth of businesses, household incomes, self-reliance, and thriving communities.

The Symbiotic Partnership: Our Core Financial Model

At ASA, every nanay is valued as a true partner—her dreams, courage, and commitment are at the heart of our mission to alleviate poverty. The discipline and resilience of our nanays enable them to become catalysts for lasting progress, sparking transformation not only in their own lives but across entire communities.

When nanay partners honor their loan commitments, the resulting capital growth is reinvested by ASA into their communities through our self-sustaining funding model. This approach fuels ASA's continued expansion, enabling us to reach even the most remote areas and extend vital financial services to more families. As ASA grows, surplus earnings are channeled into educational scholarships, emergency relief, nutrition initiatives, and medical assistance—so more families experience real, lasting improvement in their daily lives.

Mapping ASA's Footprint to the UN Sustainable Development Goals (SDGs)

ASA Philippines aligns its core initiatives with the United Nations Sustainable Development Goals to ensure local efforts meet global standards for social impact, including clearer links between our programs and the SDGs they support:

Core 2025 Milestone / Initiative	Direct Operational Output	Aligned UN SDG Goal
Microfinance Lending Operations	Portfolio growth to PhP 46.5B, serving ~2.4M women to elevate household incomes beyond a single breadwinner.	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Health Missions	Conducted 11 health missions with 4,060 beneficiaries served.	3 GOOD HEALTH AND WELL-BEING
Expansion of Scholarship Program	Scaled from 7,000 to 20,000 active scholars; mapped 2026 technical-vocational pathways.	4 QUALITY EDUCATION
Gender-Disaggregated Credit Deployment	Empowering nanays as financial co-creators and decision-makers in household economics.	5 GENDER EQUALITY
Child Feeding Program Acceleration	Nourished 42,405 schoolchildren across communities with a 62% nutritional recovery rate.	2 ZERO HUNGER
Puno ng Pag-ASA Movement	Planted 253,800 trees via multi-stakeholder collaboration toward a 1M tree target by 2027.	13 CLIMATE ACTION; 15 LIFE ON LAND
Water and Sanitation Financing (WasaFIN)	Disbursed a total of 194,851 loans to the corresponding number of households amounting to PhP 2,115,867,000.	6 CLEAN WATER AND SANITATION
Microinsurance	Issued family insurance coverage to over 385,000 nanay members.	10 REDUCED INEQUALITIES
Industry Partnerships	Engagement and key roles within the MFI industry through partnerships with MCPI, Restart Me, and MIDAS.	17 PARTNERSHIPS FOR THE GOALS
Disaster Relief Programs	Provided PhP 119,806,275 in disaster relief across 206,716 nanay clients.	13 CLIMATE ACTION

Building the Safety Net: Launch of the ASA Micro-insurance Program

To ensure that every nanay and her family are protected from life's unexpected challenges, ASA introduced its Microinsurance program in October 2025. This initiative offers security and peace of mind, allowing nanays and their dependents to face uncertainties with greater confidence and resilience. Partnering with leading underwriters, the program quickly gained traction within months of its launch.

- **Total Insured Clients:** 241,967 nanay members enrolled within three months.
- **Claims Disbursed:** PhP 2,255,000 paid out across approved claims to safeguard families during crises.
- **Operational Efficiency:** Achieved an industry-leading average processing time of 1.39 days, ensuring immediate liquidity when most needed.

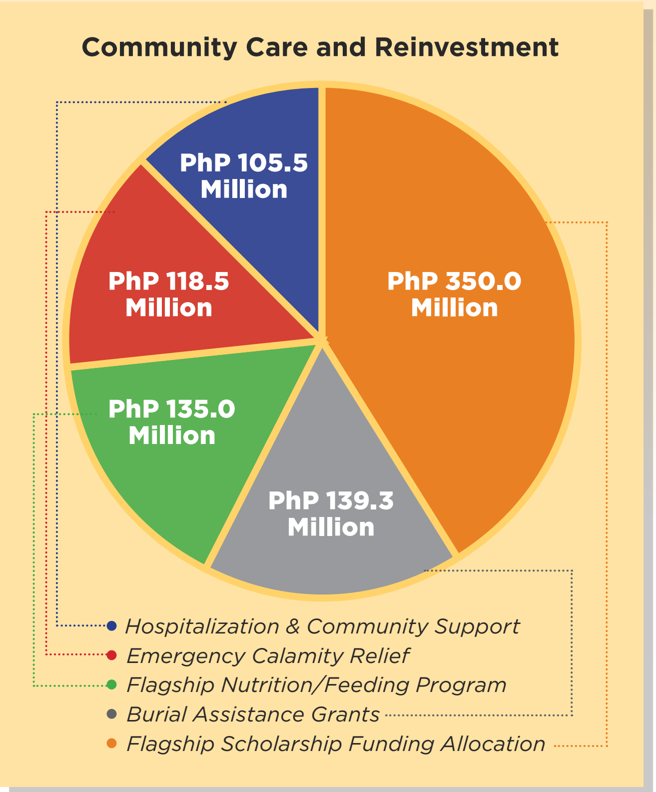
Introduction of Tawid Negosyo

To complement micro-insurance, ASA introduced Tawid Negosyo—a lifeline designed to bridge the gap when nanays face sudden cash or capital shortages due to unforeseen personal or household emergencies. This ensures that even when unexpected challenges arise, nanays can sustain their businesses and quickly recover from temporary setbacks. This program provides capital bridge mechanisms to prevent business closures during economic or personal hardships, supporting long-term micro-enterprise sustainability.

Institutionalizing Climate and Disaster Response

In 2025, severe typhoons and earthquakes impacted the Philippines. Protecting nanay clients required a rapid operational response.

In the wake of severe disasters, ASA responded swiftly by deploying PhP 118.5 million in Emergency Relief funds to communities most affected. This commitment to care was further strengthened through burial assistance grants, hospitalization support, and community support, bringing the total aid to over PhP 344 million. Such immediate and comprehensive relief was made possible by the unwavering dedication of our frontline staff, whose service in the face of adversity kept hope alive for families when they needed it most.



Internal Transformation: Governance, Tools, and Efficiency

Throughout ASA's history, we have recognized that our people are our most important asset. In 2025, as our portfolio expanded, we deepened this commitment by introducing a new suite of initiatives focused on employee well-being. These enhancements—from digitalization and field modernization to expanding health and life insurance coverage for over 12,000 employees—reflect our enduring belief that investing in our team is vital to fulfilling our mission. By caring for those who serve on the front lines of our organization, we create a stronger foundation for uplifting communities across the nation.

These advancements affirm ASA Philippines' unwavering commitment to turning institutional progress into opportunities for the communities we serve. By working together, we help ensure that every step forward translates into hope that grows—for every nanay, every family, and every community we touch. Together, we move forward with purpose, carrying hope into the future.

Social Impact Dashboard

Outside of its primary and tertiary loan products, savings facility and micro insurance coverage, ASA Philippines Foundation provides holistic aid to nanays and their families via complementary programs – ensuring that every peso earned is plowed back to uplift their quality of life and help break the cycle of poverty. Funding was allocated for the following key development initiatives.

Scholarship and student allowances

20,000
total grantees

P300,000,000
in total grants, with P15,000 being allocated to each grantee per year

"Hindi lang po tulong pinansyal ang natanggap naming sa ASA, kung hindi pati na rin ang peace of mind habang tinatapos ko pag-aaral ko ng Communication Engineering. Dahil po sa suporta nila, nabigay ko lahat ng atensyon ko sa pag-aaral at naabot ko po ang pangarap kong maging pinakaunang engineer ng aming pamilya."

Abigael B. Masil
Educational Assistance Program beneficiary

Training and learning sessions for nanays

1,687
nanays trained in Livelihood and Financial Literacy

21,645
iStar Digital Entrepreneurship Course completers

54
sessions for Livelihood Training

43
sessions for Financial Literacy

"Minsan okay lang madapa, ganun talaga ang pagnenegosyo. Ang importante ay dapat nating gamitin ang mga challenges na 'yun bilang motivation natin na bumangon muli at ayusin ang anumang kailangang ayusin."

Evelyn Malapo
Entrepreneurial Support and Livelihood Program beneficiary

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Community building/planting/reforestation

226,166
trees planted by employees and clients under Clusters 1 & 2

25,000
cacao trees planted by employees and clients under Cluster 3

251,166
total of trees planted

95
farmers engaged for Cluster 3

16,720
seedlings propagated in three (3) nurseries

10,770
employee volunteers

152,827
client volunteers

> Every time tinitignan ko 'yung mga cacao trees na aming tinanim, ay napupuno ako ng pag-asa na itong mga punong ito ay bubuhayin ang mga susunod na henerasyon ng aming pamilya. Hindi lang ito kabuhayan namin, kundi ito'y pangako bunga ng aming sakripisyo at aruga.

Digna Padilla
Tree planting beneficiary

Feeding program/outreach and medical missions

42,405
children enrolled

288
feeding sites

70.27%
rehabilitation rate as of year-end 2025

4,060
health mission beneficiaries

3,685
beneficiaries registered to PhilHealth YAKAP services

11
health missions conducted

Disaster relief/response

Type of calamity	No. of affected clients	Total assistance (In PhP)
Earthquake	11,639	6,001,188
Fire	3,107	5,804,702
Flood/Storm surge	73,254	26,341,474
Low Pressure Area (LPA)	87	171,700
Typhoon	116,611	80,454,767
Volcanic eruptions	685	137,910
Falling trees	63	81,723
Whirlwind/Tornado	55	144,500
Drought	2	7,000
Landslide	15	38,000
Chemical spill	532	222,433
Heavy rainfall	666	400,878
Total	**206,716**	**119,806,275**

Key Operational Milestones

ASA's support teams help drive the foundation's continued growth and enables the organization to serve its nanay clients and fulfill its mission of poverty alleviation. From field operations to the central office, ASA's staff is dedicated to helping nanays and their families achieve a better quality of life.

To this end, the Foundation continues to empower its personnel by focusing on continuous improvement in terms of process, systems and people management.

Transforming Towards a Future-Ready Organization

In 2025, ASA Philippines Foundation's transformation journey strengthened the organization's people management, operations, and strategy execution. Transformation efforts focused on building a more efficient, disciplined, and future-ready institution that can serve Filipino families better.

Charting the Transformation Journey

ASA Philippines continued its transformation journey through key initiatives that improved how we manage people, run operations, and execute strategy. Three major milestones marked the year 2025: the rollout of the Value-Driven Performance Management System, the launch of Business Process Re-engineering for Operations, and the introduction of the Balanced Scorecard.

These initiatives were designed to better align our people, processes, and priorities with ASA's mission to serve more Filipino families sustainably. Together, they brought greater accountability, simpler, more efficient ways of working, and stronger performance tracking across the organization. They also helped strengthen a culture of discipline, continuous improvement, and results-focused leadership. The progress made in 2025 reflects ASA's commitment to becoming a more agile, future-ready, and high-performing institution.

Value-Driven Performance Management System

In September 2025, ASA Philippines launched the Value-Driven Performance Management System, a major step toward strengthening the organization's process to manage and develop its people. The new system moved away from the traditional yearly appraisal and introduced a fair, modernized, and growth-focused approach to performance management. It was created to improve the link between individual work goals with the organization's overall goals.

The VPM system measures performance using two important areas: Objectives and Key Results (OKRs) and Competencies. This meant that employees were assessed not only on their achievements, but also on how they achieved such results. It provided employees with clearer expectations and gave managers a more objective and consistent way to evaluate performance.

The system also introduced regular coaching sessions, progress check-ins, and year-round feedback. Instead of waiting until the end of the year, supervisors can now guide employees continuously, recognize good performance sooner, and address issues quicker. This created stronger teamwork between leaders and employees in setting goals and tracking progress.

Another important feature was the Employee Development Plan, which helped identify strengths, training needs, and career growth opportunities. This reflected ASA's belief that performance management should not only measure results, but also help people grow and prepare for bigger responsibilities.

The successful rollout of the VPM system across ASA's branches and offices nationwide showed the foundation's strong commitment in investing in its people.

Business Process Re-engineering for Operations

ASA Philippines Foundation launched a major Business Process Re-engineering for Operations as part of its wider transformation program. Conducted in partnership with Nomura Research Institute (NRI), the review focused on improving core field operations, eliminating inefficiencies, and streamlining processes to make them faster, simpler, and more effective.

The review covered key operational processes, including client acquisition, loan application, loan release, collections, and portfolio monitoring. Support functions like finance, human resources (HR), and information systems were also reviewed.

Existing workflow, systems, and controls were studied to identify manual tasks, duplicate work, delays, and reporting gaps that could be improved.

Several high-impact opportunities were also identified. Priority recommendations included digitized field data collection, automated approvals and workflow, improved dashboard monitoring, stronger delinquency management tools, and more structured credit risk scoring. These improvements are expected to improve decision-making, reduce manual workload, strengthen controls, and allow teams in the field to spend more time serving clients.

The review also emphasized the need to better integrate technology with ASA's people-centered service model. Rather than replacing the personal relationships built with the nanays, the future approach combines high-tech and high-touch—using technology to improve productivity while keeping strong human connections.

Building on the gains of 2025, the next phase in 2026 would focus on implementing the recommendations, creating ASA's Digital Transformation Roadmap and defining the To-Be Systems Architecture. These next steps will guide future investments, system integration, automation priorities, and long-term digital growth.

Balanced Scorecard

ASA Philippines introduced the Balanced Scorecard as an organization-wide tool for managing strategy and performance. More than a reporting tool, it serves as a management dashboard that helps track progress, guide decisions, and align all departments toward shared priorities.

The scorecard was built around four major strategic priorities:

- Poverty Alleviation
- Sustainable Growth in Operations
- Adherence to Corporate Governance
- Organizational Development and Effectiveness

Through these pillars, ASA created a more balanced way to measure success—not only through financial results but also through client impact, operational excellence, governance, and organizational capability.

2025 Balanced Scorecard

STRATEGIC IMPERATIVES

Poverty Alleviation

15% Social Impact

Sustainable Growth in Operations

25% Social Impact
15% Operational Efficiency
15% Customer

Organizational Development and Effectiveness

20% Organizational

Adherence to Corporate Governance

10% Governance

Key measures were also identified across different areas. Financial indicators include revenue growth and portfolio quality, while operational indicators focused on productivity and service efficiency. Meanwhile, customer indicators tracked client growth, retention, and satisfaction. Governance and people indicators measured compliance, workforce readiness, succession planning, and capability development. These steps ensured that growth remains responsible and sustainable.

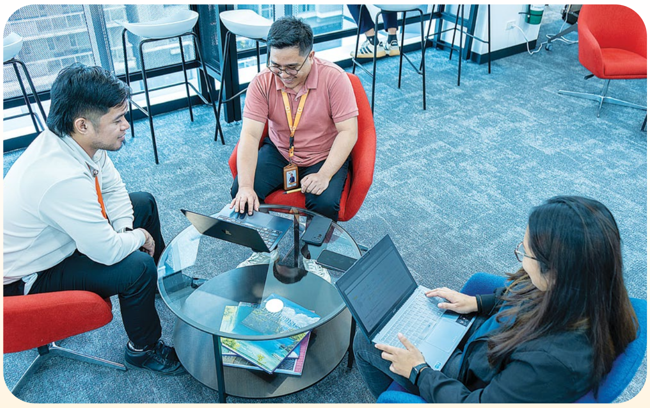
As ASA continues its transformation journey, the Balanced Scorecard will remain an important tool that connects strategy to execution. It helps create one shared direction across the organization and supports better decisions, stronger results, and long-term success.

Driving Organizational Effectiveness

The Administration and Procurement Office (Office) was established to ensure that every operational detail directly supports ASA Philippines Foundation's mission of poverty alleviation among the country's underrepresented sectors.

More than a support function, the Office serves as a strategic enabler—quietly but critically shaping how effectively the organization delivers its services. Every facility maintained, every asset managed, every procurement decision made, and every logistical movement executed contribute to one ultimate goal: improving the experience and livelihoods of the women ASA serves.

The Administration and Procurement Office is composed of four (4) key divisions: Asset Management, Logistics, Office Management, and Procurement—each playing a distinct yet interconnected role. Together, these divisions form the operational backbone of ASA's service delivery, working behind the scenes so that frontline staff can focus fully on serving clients with dignity and care.



Transforming Spaces: A New Central Office for a Growing Mission

After 21 years of service, ASA marked a historic milestone with the opening of its new Central Office on July 9, 2025, located at the 8th Floor of Park Triangle Corporate Center, Bonifacio Global City, Taguig.

This transition was more than a physical relocation—it was a symbol of growth, renewal, and readiness for the future.

The Administration and Procurement Office played a central role in ensuring a smooth and efficient transfer from the old headquarters at Prestige Tower in Ortigas Center, Pasig, that culminated in the successful full transition of all Central Office staff by August 1, 2025 in BGC.

The new workspace reflects ASA's evolving needs:

- A modern and collaborative environment that fosters coordination across departments.
- Enhanced training facilities that strengthen staff capability and development.
- A strategically located dormitory that provides accessible, safe, and dignified accommodation for both Central Office personnel and field staff visiting from various regions.

These improvements are not merely physical—they directly influence the quality of service delivered to clients. When the staff are supported by efficient services and a conducive work environment, they are better equipped to respond with empathy, accuracy, and agility.

Enhanced Mobility: Motorcycles as Tools of Service

Recognizing that microfinance is fundamentally a field-driven service, ASA launched the Motorcycle Provided Program to boost mobility and operational efficiency.

In just four months—from September to December 2025—the Administration and Procurement Office successfully facilitated the procurement and distribution of over 4,000 motorcycles across two major batches.

This initiative underscores a simple but powerful truth: accessibility determines impact.

Microfinance Officers regularly travel to remote and underserved communities where public transportation is limited or unreliable. By equipping them with motorcycles as official and essential tools, ASA ensured that:

- Client visits are more timely and consistent.
- Loan processing and collections are more efficient.
- Field monitoring and compliance are strengthened.
- Staff productivity and safety are significantly improved.

More importantly, this initiative allows the staff to spend less time navigating logistical challenges and more opportunities to engage with clients—listening to their needs, supporting their businesses, and strengthening trust with one another.

The program is a clear expression of ASA's commitment not only to its clients but also to its people—recognizing that empowered staff deliver better service to their nanay clients.

Advancing Digital Transformation: Tablets for Field Operations

ASA also began a significant shift from traditional paper-based processes to digital field operations—a transformation that marked a new chapter in its history.

Through close collaboration with the IT Department, the Administration and Procurement Office initiated the purchase and phased distribution of tablets to Microfinance Officers across ASA's 1,853 branches.

This initiative represents more than a technological upgrade—it is a strategic investment in efficiency, accuracy, and client experience.

Extensive testing and validation were conducted across various locations to ensure that the digital tools are:

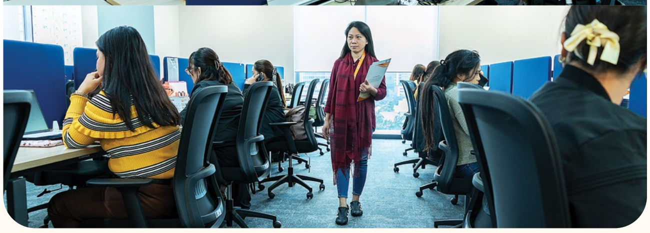
- Reliable in diverse field conditions.
- Secure and compliant with data protection standards.
- Aligned with the realities of microfinance operations in the Philippines.

Equipped with updated tablets, Microfinance Officers can:

- Record transactions in real-time.
- Minimize errors in documentation.
- Reduce administrative workload.
- Focus more on meaningful client interaction.

This transition enabled ASA to move closer to a client-centric, service-driven model of delivery, while maintaining the personal touch that defined its approach.

Championing the Holistic Development and Well-Being of Employees



ASA Philippines Foundation recognizes that its employees are the driving force behind its mission of poverty alleviation and financial inclusion. As the organization continues to expand its reach and impact across the country, it remains committed to developing a workforce that is capable, engaged, resilient, and aligned with its social mission.

Throughout 2025, Human Resources strengthened its role as a strategic business partner by implementing a comprehensive people management framework designed to ensure organizational sustainability, workforce effectiveness, and future readiness.

ASA Human Resources Framework

The Foundation's Human Resources Framework is anchored on four strategic workforce principles:

- **Right Size** Ensuring optimal headcount through effective workforce planning, staffing strategies, and manpower optimization. This enables the organization to maintain the appropriate number of employees required to support ASA's operations while maximizing productivity and service delivery.
- **Right Shape** Ensuring the organization possesses the proper skills, roles, competencies, and leadership capabilities needed to achieve its strategic objectives. This is achieved through talent development, succession planning, capability building, and organizational development initiatives.
- **Right Cost** Ensuring that workforce investments remain sustainable, responsible, and aligned with the organization's priorities. Through prudent compensation management, benefits optimization, workforce planning, and productivity initiatives, the Foundation strives to maximize the value generated from every people investment.
- **Right Agility** Ensuring organizational flexibility and responsiveness in a rapidly changing environment. By strengthening employee capabilities, fostering collaboration, embracing innovation, and supporting continuous learning, the Foundation enhances its ability to adapt to emerging challenges and opportunities.

Together, these four principles guide all Human Resources programs and initiatives, ensuring that people strategies directly contribute to organizational effectiveness and mission fulfillment.

Delivering People Strategies Through the Four HR Pillars

To operationalize this framework, the Human Resources Group functions through four interconnected pillars:

- **People Operations** People Operations oversees the seamless employee lifecycle, from recruitment and onboarding to compensation, benefits, payroll administration, employee records management, and offboarding. This pillar plays a critical role in supporting the Foundation's Right Size and Right Cost objectives by ensuring efficient and employee-centered HR service delivery.
- **People Management** People Management focuses on employee performance, capability development, succession planning, and leadership readiness. Through learning and development initiatives, organizational development programs, and talent management interventions, this pillar directly supports the Foundation's Right Shape agenda by building a future-ready workforce.
- **People Engagement** People Engagement fosters a positive, healthy, and values-driven workplace through employee relations, wellness programs, engagement activities, discipline management, and culture-building initiatives. These efforts strengthen employee commitment, well-being, and organizational cohesion.
- **People Partners** People Partners serve as strategic advisors to leaders and business units, providing guidance on workforce planning, talent decisions, employee concerns, organizational effectiveness, and operational priorities. This pillar enhances organizational agility by ensuring that people strategies remain aligned with business needs and changing organizational demands.

Human Resources in Action

Guided by this framework, the Human Resources Group delivered several key accomplishments in 2025, including the establishment of the People Committee which guides, oversees, and strengthens ASA Philippines Foundation's human resources strategies, policies, and practices.

The HR group also led the expansion of employee healthcare and insurance benefits through a comprehensive HMO and Group Life & Accidental Death and Disability Insurance, as well as the implementation of wellness initiatives such as Mental Health Day, Fun Walk, and CPR Awareness Programs, capability-building interventions, and employee engagement activities that strengthened culture, collaboration, and employee experience.

These initiatives collectively contributed to building a workforce that is appropriately sized, properly equipped, cost-effective, and agile—allowing ASA Philippines Foundation to continue delivering meaningful impact to the communities it serves.

Human Resources by the Numbers

Building a Healthy, Capable, and Engaged Workforce

100%
Employees covered by HMO and Group Life & Accidental Death and Disablement Insurance*, providing comprehensive healthcare and financial protection for employees nationwide.*

130
Employees trained in Health Emergency Response and CPR*, enhancing workplace preparedness and employee safety.*

96%
Mental Health Day Participant Satisfaction Rating.
Employees rated the program as "Very Good" and expressed interest in future wellness initiatives.

1.7 M
Collective steps recorded by Fun Walk participants*, demonstrating employee commitment to health and wellness.*

4.76/5
Average training satisfaction rating*, reflecting the effectiveness and practical value of capability-building initiatives.*

21 years
of service to communities celebrated through the Foundation's 21st Anniversary under the theme "Puso ng ASA, Ating Ipagdiwang."

Strengthening Governance Through People, Purpose, and Performance

In 2025, the Internal Audit (IA) Department continued to uphold its mandate of strengthening governance, risk management, and internal controls, while fostering a culture of integrity, collaboration, and continuous improvement across the Foundation. Anchored on professionalism and teamwork, the year was marked by both exceptional audit accomplishments and meaningful people engagement initiatives.

One Team, One Mission

The IA Team Building 2025 brought together internal auditors from Luzon, Visayas, and Mindanao, reinforcing unity and collaboration across regions. The activity was designed to balance learning, engagement and team spirit, reflecting the Department's commitment to holistic development.

IA Key Achievements

- Successful Completion of the 2025 Risk-Based Audit Plan
- Strengthened Internal Controls
- High Engagement with Management and Stakeholders
- Regulatory and Governance Support
- People and Capability Development

Together, the IA Department stands ready to support sustainable growth and sound governance in the years ahead.

STRENGTHENING OUR DEFENSE AGAINST FRAUD

Special Projects Division

In the 4th Quarter of 2025, the Internal Audit Department established its Special Projects Division that handles fraud investigations and other special projects—a key milestone in reinforcing our commitment to integrity, accountability, and risk mitigation.

Key Areas

- **Fraud Risk Assessment** Regular identification and evaluation of fraud risks across processes, ensuring that high-risk areas are prioritized proactively.

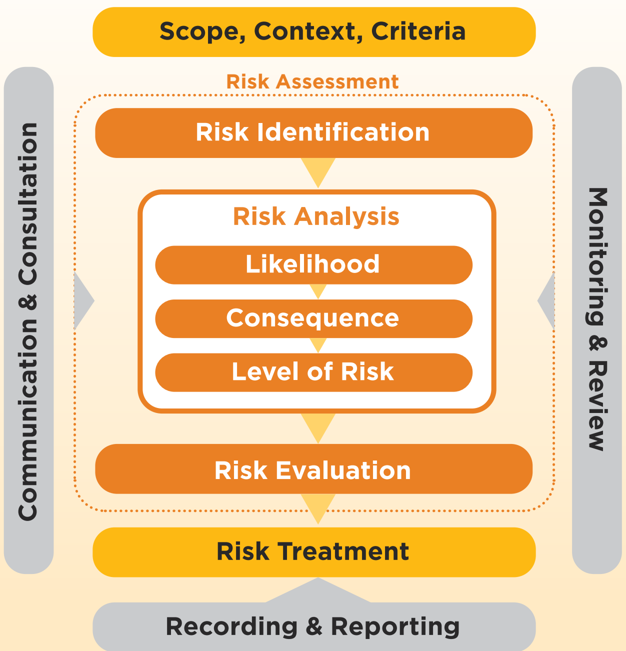
- **Preventive Controls** Strengthening internal controls such as segregation of duties, approval hierarchies, and system access restrictions to reduce opportunities of fraud.
- **Detection Mechanisms** Implementation of monitoring tools, exception reporting, and data analytics to identify unusual patterns of suspicious activities real time.
- **Reporting and Whistleblowing** Secure and confidential reporting channels have been reinforced, encouraging employees to report concerns without fear of retaliation.
- **Investigation and Response** Clear procedures are now in place for timely investigation, documentation, and resolution of fraud incidents, including disciplinary actions where necessary.

Our team is dedicated to:

- Conducting independent and fact-based fraud investigations
- Identifying root causes, control weaknesses, and systemic risks
- Recommending practical and effective corrective actions
- Supporting management and the Board in strengthening the organization's fraud controls

Together, we can maintain a strong culture of integrity, protecting the Foundation against fraud.

RESILIENCE THROUGH ENTERPRISE RISK MANAGEMENT (ERM)



ASA Philippines - Risk and Compliance

In today's rapidly evolving financial landscape, ASA Philippines faces increasing exposure to credit, operational, technology, fraud and compliance risks.

To strengthen organizational resilience and ensure sustainable growth, the organization has established a structured Enterprise Risk Management (ERM) aligned with industry best practices.

What is ERM?

Enterprise Risk Management is a holistic, organization-wide approach to identifying, assessing, managing, and monitoring risks that may affect the achievement of strategic and operational objectives.

Benefits of ERM

- Improved decision making and strategic planning
- Early detection of potential risks
- Enhanced regulatory compliance
- Reduced operational losses and fraud exposure
- Stronger investor and stakeholder confidence

The ASA Philippines Foundation Inc. remains committed to continuously enhancing its risk management practices. Future initiatives will focus on strengthening risk analytics, and further embedding risk culture across all departments.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)

Statements of Financial Position

DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

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

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

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

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)

Statements of Changes in Fund Balance

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

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

See Notes to Financial Statements.

ASA PHILIPPINES FOUNDATION, INC. (A MICROFINANCE NGO)
(A Nonstock, Nonprofit Organization)

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

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

Supplemental Information on Non-cash Investing and Financing Activities :

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

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

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

See Notes to Financial Statements.

Notes to Financial Statements

DECEMBER 31, 2025 AND 2024
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Foundation Information

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

The ASA Program provides:

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

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

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

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

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

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

1.2 Approval of Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

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

The financial statements have been prepared using the measurement bases specified by PFRS Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Foundation presents all items of income, expenses, and other comprehensive income or loss, if any, in a single statement of comprehensive income.

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

(c) *Functional and Presentation Currency*

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

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

2.2 Adoption of New and Amended PFRS Accounting Standards

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

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

(b) *Effective Subsequent to 2025 but not Adopted Early*

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

(i) PFRS 9 and PFRS 7 (Amendments), *Financial Instruments, and Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments* (effective from January 1, 2026).

(ii) PFRS 18, *Presentation and Disclosure in Financial Statements* (effective from January 1, 2027). The new standard impacts the classification of profit or loss items (i.e., into operating, investing and financing categories) and the presentation of subtotals in the statement of profit or loss (i.e., operating profit and profit before financing and income taxes). The new standard also changes the aggregation and disaggregation of information presented in the primary financial statements and in the notes. It also introduces required disclosures about management-defined performance measures. The amendments, however, do not affect how an entity recognizes and measures its financial condition, financial performance and cash flows.

2.3 Financial Instruments

(a) *Financial Assets*

(i) *Classification of Financial Assets*

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

Financial Assets at Amortized Cost

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

Financial Assets at FVOCI

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

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

(ii) *Impairment of Financial Assets*

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

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

(b) *Financial Liabilities*

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

2.4 Property and Equipment and Asset Held for Sale

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

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

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

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

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

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

2.5 Revenue and Expense Recognition

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

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

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

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

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

2.6 Leases – Foundation as a Lessee

Subsequent to initial recognition, the Foundation depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is 15 years.

The Foundation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

2.7 Employee Benefits

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

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

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

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

(c) Determination of Timing of Satisfaction of Performance Obligations

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

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

In determining the classification of financial assets, the Foundation assesses whether the contractual terms of the financial assets give rise on specified dates to cash flows that are SPPI representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria. In cases where the relationship between the passage of time and the interest rate of the financial instrument may be imperfect, known as modified time value of money, the Foundation assesses the modified time value of money feature to determine whether the financial instrument still meets the SPPI criterion. The objective of the assessment is to determine how different the undiscounted contractual cash flows could be from the undiscounted cash flows that would arise if the time value of money element was not modified (the benchmark cash flows). If the resulting difference is significant, the SPPI criterion is not met. In view of this, the Foundation considers the effect of the modified time value of money element in each reporting period and cumulatively over the life of the financial instrument.

If more than an infrequent sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows.

(e) Determination of Lease Term of Contracts with Renewal Options

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

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

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

(f) Recognition of Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources, and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. Similarly, possible outflows of economic benefits to the Foundation that do not yet meet the recognition criteria of a liability are considered contingent liabilities, hence, are not recognized in the financial statements.

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

(g) Classification of an Asset as Held for Sale

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

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Estimation of Allowance for ECL

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

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

(b) Fair Value Measurement of Financial Assets at FVOCI

Management applies valuation techniques to determine the fair value of financial assets where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument.

Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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

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

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

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

(d) *Determination of Impairment of Non-Financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset, or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

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

(e) *Valuation of Post-employment Defined Benefit Obligation*

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

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

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

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

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

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Foundation does not engage in the trading of financial assets for speculative purposes, nor does it write options.

The most significant financial risks to which the Foundation is exposed are described below and in the succeeding pages.

4.1 Credit Risk

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

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

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

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

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

(a) *Cash*

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

(b) *Loans Receivable*

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

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

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

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

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

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

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

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

(c) *Financial assets at FVOCI*

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

(d) *Rental deposits*

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

4.2 Interest Rate Risk

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

The table in the succeeding page illustrates the sensitivity of the Foundation's excess of revenues over expenses and fund balance to a reasonably possible change in interest rates of +/- 7.56% and +/- 4.61% for Philippine peso in 2025 and 2024, respectively. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

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

4.3 Liquidity Risk

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

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

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

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

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

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

5.1 Carrying Amounts and Fair Values by Category

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

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

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

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

5.2 Fair Value Hierarchy

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

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

  The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

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

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

5.3 Financial Instruments Measured at Fair Value

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

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

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

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

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

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

5.5 Offsetting of Financial Assets and Financial Liabilities

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

7. LOANS AND OTHER RECEIVABLES

These accounts include the following:

7.1 Loans Receivable - Net

Loans receivable consists of the following as of December 31:

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

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

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

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

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

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

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

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

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

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

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

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

7.2 Other receivables

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

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

9. PROPERTY AND EQUIPMENT AND ASSET HELD FOR SALE

9.1 Property and Equipment - Net

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

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

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

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

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

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

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

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

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

9.2 Asset Held For Sale

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

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

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

10. LEASES

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

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

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

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

10.1 Right-of-Use Assets

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

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

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

10.2 Lease Liabilities

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

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

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

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

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

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

10.3 Lease Payments Not Recognized as Lease Liabilities

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

11. MICROSAVINGS

This account is broken down as follows:

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

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

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

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

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

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

12. LOANS PAYABLE

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

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

Notes to Financial Statements

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

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

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

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

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

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

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

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

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

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

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

13. OTHER LIABILITIES

This account includes the following:

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

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

14. OTHER REVENUES

This account includes the following:

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

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

15. EXPENSES

Details of expenses by nature are shown below.

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

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

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

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

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

Operating costs are broken down as follows:

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

Details of general and administrative expenses are shown below.

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

Details of grants and donations are as follows:

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

16. EMPLOYEE BENEFITS

16.1 Salaries and Employee Benefits

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

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

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

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

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

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

In 2024, the Foundation formalized a retirement plan that introduced changes to the provisions assumed plan salary or the amount that members expect to receive upon retirement. This resulted in reversal of provisions made in prior years recognizing past service income in 2024. As of December 31, 2025 and 2024, the approved plan included a retirement package with a normal retirement age of 60 and a minimum of five years of credited service.

Notes to Financial Statements

The member's normal retirement benefit was determined as a percentage of the revised plan salary for each year of credited service, based on the updated vesting schedule.

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

(b) *Explanation of Amounts Presented in the Financial Statements*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Risks Associated with the Retirement Plan

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

(i) Investment and Interest Risks

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

(ii) Longevity and Salary Risks

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

(d) Other Information

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

(i) Sensitivity Analysis

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

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

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

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

(ii) Funding Arrangements and Expected Contribution

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

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

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

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

17. RELATED PARTY TRANSACTIONS

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

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

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

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

18. TAXATION COVERAGE AND EXEMPTIONS

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

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

19. FUND MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

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

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

20. COMMITMENTS AND CONTINGENCIES

20.1 Operating Lease Commitments – Foundation as a Lessee

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

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

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

20.2 Others

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

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

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

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

22. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

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

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

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

(b) *Input VAT*

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

(c) *Documentary Stamp Tax*

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

(d) *Taxes on Importation*

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

(e) *Excise Tax*

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

(f) *Taxes and licenses*

Details of taxes and licenses in 2025 are shown below.

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

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

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

(g) *Withholding Taxes*

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

(Amounts in PHP)	
Compensation and employee benefits	101,562,829
Expanded	83,731,407
	185,294,236

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

(h) *Deficiency Tax Assessment and Tax Cases*

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

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

Social Gender Bond Report

In 2023, ASA Philippines Foundation, Inc. (ASA Philippines) successfully issued a PhP 5.0 billion Social (Gender) Bond, consisting of five-year gender-themed corporate bonds. The issuance is classified as a Gender Bond because the proceeds are exclusively dedicated to expanding lending to women micro-entrepreneurs to promote gender equality, women's empowerment, and financial inclusion for underserved female borrowers.

This landmark issuance is recognized as the first Gender Bond in the Philippines and is aligned with international social bond standards.

Key Parties and their participation:

- **Asian Development Bank (ADB) -** Provided technical assistance in the development of the Social (Gender) Bond Framework.
- **DNV -** Issued the Second Party Opinion confirming alignment with international social bond principles.
- **Securities and Exchange Commission -** Registered the bond issuance in accordance with Philippine regulations.
- **Participating bondholders -** Local universal banks that subscribed to the corporate bonds and provided funding support.

USE OF PROCEEDS

An amount equal to the net proceeds of the Gender Bond is exclusively allocated to eligible social projects under the Social (Gender) Bond Framework. The proceeds are used to

- Expand lending to women-led microenterprises
- Improve women's income-generating capacity
- Enhance access to essential services
- Promote inclusive economic growth
- Support the Philippine government's financial inclusion objectives

ASA Philippines operates nationwide, with presence in all provinces across the Philippines, including the National Capital Region (NCR).

The PhP 5.0 billion Social (Gender) Bond issued in 2023 reinforces ASA Philippines' leadership in gender-responsive finance and sustainable microfinance in the Philippines. Through strong partnerships, sound governance, and nationwide outreach, ASA Philippines ensures that the bond proceeds are fully and effectively allocated to eligible social projects benefiting low-income women entrepreneurs.

As of 31 December 2025, PhP 3.33 billion of the Social (Gender) Bonds remain outstanding, and all of them remain directed toward qualified social project categories, consistent with the Social (Gender) Bond Framework and its commitment to transparency, accountability, and measurable social impact.

More than **2.3 million** women borrowers served	Outstanding loan portfolio: **PhP 46.5 billion**	Total loan disbursement in 2025: **PhP 131.2 billion**	Total allocation under the Social (Gender) Bond: **PhP 5.0 billion**	Outstanding balance of Gender Bond: **PhP 3.333 billion**

As of 31 December 2025

Allocation by Social Project Category
(Amounts in millions of Philippine Pesos)

Social Project Categories	Examples	Amount of Loan Portfolio	Loan Disbursed to Clients in 2024	Amounts Allocated for Social (Gender) Bond
Lending to low-income women borrowers for income-generating activities	Sari-sari stores and mini groceries; fishing nets and boats; farming equipment; crop, livestock and poultry production	PhP 42,429	PhP 123,572	PhP 4,678
Lending to improve living conditions	Water & sanitation facilities (with technical support from Water.org); solar home systems; electricity access; housing construction/renovation: education financing	PhP 4,071	PhP 7,631	PhP 322
TOTAL		**PhP 46,500**	**PhP 131,203**	**PhP 5,000**

Sustainability

Uplifting Communities Through Sustainable and Holistic Investments

The Story of Hope

For over two decades, ASA Philippines Foundation (ASA) has been a beacon of financial inclusion. We at the foundation, however, recognize that microloans alone do not break the complex chains of poverty. Poverty is not just about lack of money, it is a lack of access to quality education, health, and protection to other social and environmental vulnerabilities.

Thus in 2025, ASA took its sustainability efforts to the next level, transitioning to impact-driven initiatives to complement its microfinance operations. Under our renewed vision, "Palaguin ang Pag-ASA," we have integrated our social, environmental, and economic missions into every fiber of our operations. We ensured that every peso invested to our nanay clients and partner communities created a ripple effect towards poverty alleviation.

Our Sustainability Foundation

GRI 2-22

Our Sustainability Division (SD), aside from implementing the programs, serves also as a research and development unit for the organization, piloting new programs in health, nutrition, and environmental stewardship.

In 2025, we strengthened our key programs and piloted complementary initiatives to improve operational efficiency and expand our impact. Our strategy is built on four pillars: Health, Education, Entrepreneurship, and Environment. Our "Poverty Alleviation Framework" shifts the focus from simple security and well-being to sustainable solutions that lead to household self-sufficiency.

Economic Disclosures: Creating and Distributing Value

We recognize the importance of how we mobilize our resources to fuel socio-economic transformation. By embedding integrity, empathy, and ethical governance into our DNA, we ensure that every fund granted serves as a catalyst for progress and long-term financial stability for the underserved.

We are committed to serving as the engine for local economic vitality, while prioritizing the integration of local entrepreneurs into our institutional supply chain, and empowering people to participate in economic activities.

Direct Economic Value Generated and Distributed

GRI 201-1

With a total investment of PhP 916,203,885, PhP 447,472,625 was allocated to sustainable and long-term programs while PhP 468,731,270 was spent on safety nets for clients through community service. For sustainability initiatives, we have reached 90,161 direct beneficiaries, and have engaged 253,758 individuals, including employees, nanay clients, their family members and community volunteers in various initiatives. Additionally, client community service has supported 397,168 clients through safety nets.

PhP 447M
Total Expenditures for Sustainability Programs

85%
Social Return on Investment (PhP 1.85 per peso spent)

PhP 468M
Total Amount Spent for Safety Nets

PhP 916M
Total Investments for nanays and communities

Significant Indirect Economic Impacts GRI 203-2

Based on the investment made for sustainability programs, the indicative value creation, both measured and estimated potential value, amounted to PhP 829,135,963.60.

Aside from the spending that were directly infused in the program's implementation, our sustainability programs also acted as local economic activators. Our Child Nutrition Program (CNP) impacted the local economy by sourcing ingredients from local smallholder farmers and vendors ensuring that program spending benefits the community, contributing to over PhP 79M. Furthermore, our Cash for Work (CFW) initiative, provided over PhP 5.5 million in allowances to community members assisting in the feeding program, reforestation, and food access initiative.

The value also means that for every PhP 1 invested, PhP 1.85 in social value is generated, representing a Social Return on Investment (SROI) ratio of 1.85:1, or a net social return of 85%.

Entrepreneurship: EntrepreNANAY GRI 413-1

EntrepreNANAY, a holistic approach in entrepreneurial support for nanays, is designed to uplift economically vulnerable women through integrated livelihood training, financial and business literacy training, and product promotion support.

In 2025, the program featured the iSTAR Online Training, delivered via the TESDA Online Program, to provide broad-reach digital education to our nanays. The program also presented a structured journey of recruitment and profiling followed by the delivery of face-to-face livelihood and literacy training. A central component of the training is the Financial Diary, designed to instill financial tracking and discipline among beneficiaries. Through these initiatives, we were able to capacitate and upskill 23,432 nanay entrepreneurs across the country.

23,432
Nanays capacitated and upskilled

Social Disclosures: Investing in People

We aim to drive true financial inclusion, unlocking the latent potential of our clients—our most vital partners—by providing them with the tools and capital necessary for sustainable upward mobility.

ASA Philippines Foundation is committed to inclusive economic growth in every area that we serve. By placing community empowerment and poverty alleviation at the heart of our initiatives, we ensure that our impact goes beyond the balance sheet to create lasting generational change.

From Grants to Growth: Agapay, Aral, Pag-ASA

GRI 413-1

20,000
Grantees supported in 2025

9,506
Recorded graduates as of 2025

Financial barriers and literacy gaps severely limit access to higher education for poor households. In 2025, only 23.7% of youth from the poorest households were enrolled in tertiary education, which put these out-of-school young men and women at a disadvantage when it comes to potential employment and partnership-building.

In response to this reality, **Agapay, Aral, Pag-ASA**, ASA's Educational Assistance Program provided financial grants to help break the cycle of intergenerational poverty. It combined a multi-layered approach combining financial support, values formation, digital learning via compulsory online courses, and career guidance for graduating scholars. A total of PhP 239 million was allocated to support the education of nanays' children.

In 2025, we onboarded 20,000 grantees through our EAP Management System (EMS), a digital-first onboarding process for ASA. 100% of applications were processed digitally, ensuring equity and transparency among eligible children of ASA's clients. The system was also designed to help track the performance of the graduates and to roll-out learning materials during their schooling.

We also recorded 9,506 graduates as of 2025, and the company is on track to accelerate its career integration program for career-readiness, potential job placement, and partnership-building with industry partners to improve the employment rate for our graduates.

Nourishing the Future: Sustansiya at Pag-ASA

GRI 413-2

42,405
Children enrolled in the feeding program

70.27%
Rehabilitation rate as of year-end 2025

288
Feeding Sites

Chronic child malnutrition is fundamentally driven by poverty. 26.7% of Filipino children under five years old are stunted, and malnourished children are 19% more likely to repeat grades. Malnutrition costs the Philippine economy an estimated PhP 220 billion annually. Child malnutrition is a fundamental driver of poverty, and malnourished children are less likely to succeed in school and more likely to remain in the poverty trap.

Sustansiya at Pag-ASA addressed this challenge through a community-based supplementary feeding program. These programs provided nutritional support through 120 days of on-site fortified meals in high-risk communities to uplift the children's status out of malnutrition. The program also highlighted nutrition education for parents and caregivers, as well as boost local support through the direct sourcing of ingredients from local smallholder farmers. A total of PhP 108 million was allocated to support the nutrition of schoolchildren.

Our 120-day supplementary feeding program targeted the top 35 high-need provinces. In 2025, we enrolled 42,405 children, achieving 70.27% rehabilitation rate by month 4 of the feeding cycle, based on the available data by end of year 2025.

Gulayan ng Pag-ASA

GRI 306-2

Malnutrition remains a serious health concern among Filipino children, especially those in poor living conditions. 3.6 million children under age 5 are underweight, while 44.7% of the Philippines' population faced moderate or severe food insecurity between 2021-2023.

The **Gulayan ng Pag ASA**, Household Vegetable Gardening Program, is anchored in the Food Pillar Access that introduced the Gardenator technology to empower the parents and beneficiaries who grow their own vegetables. A program initiative aimed to support the Child Nutrition Program in improving the children's health and to prevent them from sliding back to malnutrition.

This pilot program addressed both food security and waste management. We introduced the "Gardenator" technology in eight (8) communities, using repurposed plastic drums and PET bottles as reservoirs, to help parents grow vegetables at home. The program utilized biodegradable household waste as organic fertilizer, reducing the community's waste footprint.

334
Beneficiaries trained in Gardenator-making

8
Communities activated for Food Access Program

Health within Reach: Kalusugan at Pag-ASA

GRI 403-6

Access to healthcare is often the first thing a poor family sacrifices. In communities with limited or inadequate healthcare services, some common comorbidities are more prevalent or poorly controlled. These comorbidities frequently interact with one another, resulting in the patients' poor health due to a lack of early detection, treatment, and continued care.

Kalusugan at Pag-ASA is an initiative under the Household Health Pillar that provided "primary healthcare services". It utilized the deployment of medical personnel, diagnostic tools, and digital medical records to improve health outcomes and establish a complete community healthcare system. The strategy also involved multi-sectoral partnerships with LGUs and regional health units to deliver an integrated health package through PhilHealth YAKAP, which included screenings, assessments, consultations, and lab tests.

Our Kalusugan at Pag-ASA program brought the clinic to the community and we conducted 11 health missions in 2025, serving 4,060 beneficiaries. We also assisted 50% of participants in PhilHealth registration, safeguarding their safety net beyond our missions. The continuity of care will also be ensured after their enrollment in the PhilHealth GAMOT program that provided access to monthly maintenance medications and structured follow-up services, including consultations, laboratory or diagnostic tests, and treatment support.

4,060
Beneficiaries served in health missions

3,685
Beneficiaries registered to YAKAP services

11
Health Missions conducted

Safety Nets for All: Client's Community Service

The non-financial, community-focused initiatives and interventions were designed to complement the Foundation's core microfinance activities in the communities of our nanay clients. The Clients' Community Service provided an integrated approach to uplift the overall well-being and resilience at the household and community level of the Foundation's clients. Safety Nets include support for clients on burial assistance, MaASAhan assistance, and relief assistance grants during calamities and emergency situations.

The year 2025 stood as a testament to a deeply rooted commitment of ASA to community welfare, characterized by a massive scale of support that reached nearly 400,000 individuals with a total financial support of PhP 468,731,270 for vital safety nets for the most vulnerable members of the community.

PhP 143.1M
Burial Assistance

PhP 107.3M
MaaASAhan Assistance (Hospitalization and immediate health support)

PhP 118.7M
Relief Assistance and Inkind Grants

The most significant financial allocation was directed toward burial assistance, where PhP 143,126,000 was utilized to support 7,414 families during their most difficult moments of loss. Aside from this, the MaaASAhan program served as a broad social umbrella for immediate health support, providing PhP 107,372,300 in aid to a vast group of 110,493 beneficiaries. The relief assistance and grants, on the other hand, acted as a crucial buffer against unpredictable moments, reaching 94,948 people with a total budget of PhP 118,734,064. The CCS program successfully bridged gaps through safety nets for a total of 397,168 beneficiaries.

Environmental Disclosures: Stewardship for the Planet

We recognize that the communities we serve are often the most vulnerable to environmental shifts. We are committed to a strategic roadmap that positively impacts the planet while empowering our clients to build climate-resilient livelihoods. We take full accountability for our environmental impact, and we strive to leave a restorative "handprint" on our nanay clients and their communities.

We are dedicated to promoting a circular economy, making use of our resources and materials in the most sustainable way possible by integrating waste management in our initiatives and optimizing our digital value chain to reduce resource dependency and waste.

Rooted in Hope: Puno ng Pag-ASA

GRI 304-3

In the Philippines, the scars of a century of deforestation are more than just environmental; they are a direct threat to the livelihoods of those living in poverty. Environmental degradation and climate-related disasters do not strike equally, often hitting the most vulnerable communities the hardest.

Recognizing this threat, **Puno ng Pag-ASA**, a tree-planting movement and reforestation program was designed to catalyze restoring ecosystems, mitigate climate change, and integrate sustainability into poverty alleviation initiatives. The program aims to plant 1 million trees across the country by engaging and mobilizing ASA employees, clients, and partner communities.

This initiative is more than a conservation effort; it is a strategic bridge between ecosystem restoration and economic resilience. The program operates through a multi-tiered rollout designed to mobilize every level of the organization:

1. **Individual Ownership:** Employees serve as "Green Champions," planting trees at home or in designated local sites. Around 10,700 employees volunteered in 2025.
2. **Household Integration:** ASA clients are empowered to lead planting efforts within their own properties. Over 152,827 nanay clients were mobilized and joined ASA's environmental mission.
3. **Community Mobilization:** Large-scale, community-led reforestation projects focused on restoring broader landscapes and augmenting household income.

The momentum behind this movement yielded significant results in 2025 and served as a landmark year for progress. The program successfully planted 251,166 trees, covering an estimated 314 hectares of land. The potential impact of these efforts is both measurable and profound. At maturity, these trees will have the potential to sequester 5,504 tons of CO_2 equivalent to offsetting 59% of the entire motorcycle fleet used by ASA's field officers.

226,166
Trees planted by employees and nanay clients

25,000
Cacao planted for Agroforestry sites

16,720
Seedlings propagated in three (3) Nurseries ready for the next planting cycle

39
Farmers engaged for Agroforestry

5,504
potential tons of carbon sequestered upon tree maturity

Beyond the environment, the program also intends to help transform the local economy. By engaging 39 farmers to focus on high-value crops like cacao, Puno ng Pag-ASA ensures that environmental sustainability goes hand-in-hand with financial stability. We planted 25,000 cacao trees in Zamboanga Sibugay, and built three (3) nurseries that housed over 16,720 seedlings ready for planting by 2026. Intercropping of high-value crops, along with cash crops are being planned for implementation to aid immediate-term income and maximize the optimal income per hectare in the established agroforests.

GRI Content Index

Statement of use	**ASA Philippines Foundation, Inc.** has reported the information cited in this GRI content index for the period January to December 2025. This is the organization's first sustainability report with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	1, 25
	2-3 Reporting period, frequency and contact point	50, back cover
	2-4 Restatements of information	No restatements of information
	2-5 External assurance	The Company did not engage external assurance.
	2-6 Activities, value chain and other business relationships	8-10
	2-7 Employees	13-19
	2-9 Governance structure and composition	55-56, internal back cover
	2-14 Role of the highest governance body in sustainability reporting	The President and CEO
	2-22 Statement on sustainable development strategy	2-3, 4-5, 44
	2-23 Policy commitments	19-20
	2-27 Compliance with laws and regulations	20, 25
	2-29 Approach to stakeholder engagement	44
GRI 101: Biodiversity 2024	101-1 Policies to halt and reverse biodiversity loss	49
	101-2 Management of biodiversity impacts	49
	101-4 Identification of biodiversity impacts	49
	101-5 Locations with biodiversity impacts	49
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	21-41, 45
	201-3 Defined benefit plan obligations and other retirement plans	27-29, 37-39
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	11-12, 42-43
	203-2 Significant indirect economic impacts	45
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	19-20
	205-2 Communication and training about anti-corruption policies and procedures	19-20
GRI 207: Tax 2019	207-1 Approach to tax	39-40
	207-2 Tax governance, control, and risk management	39-40
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	47
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	18-19, 27
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	18-19
	403-3 Occupational health services	18-19
	403-6 Promotion of worker health	19, 47
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	17-18
	404-3 Percentage of employees receiving regular performance and career development reviews	13-14
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	44-49
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	9-10, 51

The Microinsurance Safety Net

Protecting our nanays in their times of need

ASA Philippines Foundation brought to life a powerful promise: to provide not just livelihood, but help secure the lives and the future of our nanay clients. Through the successful launch and rapid nationwide rollout of its microinsurance program, ASA extended financial protection to hundreds of thousands of nanay families: many for the very first time.

In just a few months, the program reached over 385,000 nanays across all 33 ASA divisions nationwide, transforming microinsurance from a concept into a real and accessible safety net for communities across Luzon, Visayas, and Mindanao.

What makes this milestone even more meaningful is how quickly it translated to real impact. At the heart of the program is a simple but powerful idea: when the unexpected happens, nanays should not have to face that burden alone.

This became evident in the program's claims experience. Within its first year, the microinsurance program has already supported families during their most difficult moments, with claims processed in an average of 1.35 days, ensuring timely and compassionate assistance.

More than a financial product, microinsurance has become a source of dignity, stability, and peace of mind, allowing nanays to focus on rebuilding and moving forward, even in times of loss and tragedy.

By the Numbers

(as of end December 2025)

385,401 nanays were insured nationwide across all 33 divisions.

57.6% Family Coverage Adoption, protecting not just nanays but entire households.

1,541,604 individuals covered under Family Insurance Plan.

136 Claims Filed, with **over 96% approval rate.**

PhP 4.06 Million Claims Released, directly supporting nanay families in times of need.

1.35 Days Average Claims Processing Time, enabling fast and reliable assistance.

Impact in Action:

Story of protection and hope when it mattered most

In one of our branches, a nanay who had enrolled just months prior experienced an unexpected loss in the family. Within days, her claim was approved and released, helping cover burial expenses and easing the financial burden during a time of grief. What could have been a period of uncertainty became a moment where support was felt immediately.

Beyond the nanay, protecting the whole family

With more than half of the members choosing family coverage, the program has extended protection to spouses, children, and dependents. This shift reflects a deeper understanding among nanays: true security means safeguarding the entire household, not just oneself.

Service that goes the extra mile

Across branches nationwide, Microfinance Officers and Operations Teams have gone beyond their roles—assisting beneficiaries, guiding families through claims, and ensuring that support reaches them quickly. This human touch is what turns insurance into real impact.

Driving Meaningful Impact at Scale

The success of the microinsurance program in 2025 is not only measured by the number of policies issued, but by the lives protected and the confidence restored among nanay families. It demonstrates ASA's ability to deliver large-scale, high-impact programs while staying deeply connected to the needs of its communities.

ASA's Brand Evolution

Roots of Resilience, Branches of Hope: Decoding the new ASA Logo and Themeline

For ASA Philippines, our brand is far more than a corporate visual; it is the narrative representation of a sacred promise made to the millions of nanays we serve. As the foundation expands its reach and deepens its commitment to our clients, we recognized the need for an identity that reflects both our rich heritage and our dynamic future.

Guided steadfastly by our core mission of poverty alleviation, the foundation has transitioned in 2025 from its legacy logo to a modern, yet warmly familiar insignia. This visual evolution is anchored on the new themeline, "Palaguin ang Pag-asa," which perfectly encapsulates the foundation's reason for being.

The journey to this refreshed identity was deliberate and collaborative, beginning in April 2025 through a strategic communications workshop aimed at defining our evolving narrative.

The new ASA logo

The resulting logo retains the two most vital heritage symbols of our former design: the Sun and the Caring Hands. However, they are now presented in a distinct, ownable dual-color scheme carefully chosen to convey warmth, comfort, and groundedness.

The Sun in Yellow-Orange:

The color yellow-orange was deliberately chosen to represent *pag-asa*—the radiant hope for a secure future for our *nanays* and their families. This energetic hue breathes life into the sun, symbolizing the dawn of new opportunities and optimism.

OLD LOGO

NEW LOGO

The Caring Hands in Yellow-Ochre:

Cast in a grounding yellow-ochre, this color visually embodies *Kalinga*—the profound Filipino cultural concept of utmost care. This earthy tone reflects both the fierce compassion our *nanays* have for their communities, and the practical, emotional support ASA provides to its clients. It serves as a visual testament to the hard work and resilience shared by both our staff and the mothers we serve.

ASA
PHILIPPINES
Palaguin ang pag-asa.

Palaguin ang Pag-ASA themeline

Complementing the visual evolution of our logo is a renewed verbal identity. The very name "ASA" holds profound meaning for the foundation, translating to "Hope" in both Filipino and Bangla, paying homage to the origins of our microfinance model.

Our new tagline ingeniously builds upon this inherent foundation. It signifies a dynamic evolution in our organizational mindset: we are shifting from simply being a beacon of hope to actively nurturing and expanding that hope into tangible, life-altering realities. This commitment goes far beyond a one-time provision of aid. Rather, it represents a sustained partnership driven by *'pananagutan sa isa't isa'* that leads to holistic growth—of businesses, of household income, and of self-reliance. Ultimately, it is this shared accountability that cultivates thriving communities inspired by the enduring hope for a better future.

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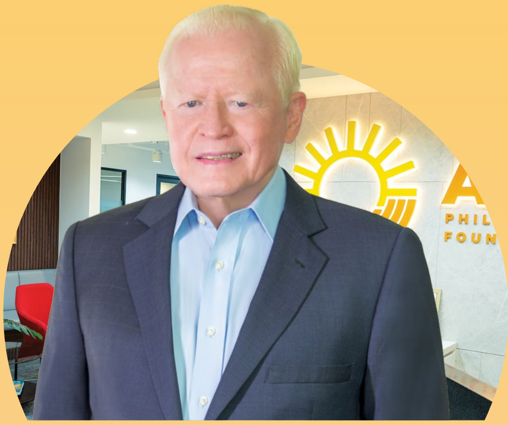

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