



SECURITIES AND EXCHANGE COMMISSION

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The following document has been received:

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Company Information

SEC Registration No.: CN200429482

Company Name: JMH MICROFINANCE, INC.

Industry Classification: 91990

Company Type: Non-stock Corporation

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COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. Street /Barangay/City/ Town)Province)[illegible]

Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

	N	A	
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COMPANY INFORMATION

Company's Email Addresscompliance@jmhfi.com**Company's Telephone Number/s**

431-0706

Mobile Number

0998-582-8550

No. of Stockholders

N/A

Annual Meeting Month/Day

May 7

Fiscal Year Month/Day

31-Dec

CONTACT PERSON INFORMATION

The designated contract person **MUST** be an Officer of the Corporation

Name of Contact Person

CHARISMA D. LASCOTA

Email Address

cdlascota@jmhfi.com

Telephone Number/s

431-0706

Mobile Number

0998-582-8550

CONTACT PERSON'S ADDRESS

CRH BUILDING, SALUGAN, CAMALIG, ALBAY

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for this deficiencies.

JMH MICROFINANCE INC.

(Formerly: J. M. Honrado Foundation, Inc.)

(A Microfinance Non-Government Organization)

CAMALIG, ALBAY - PHILIPPINES

FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

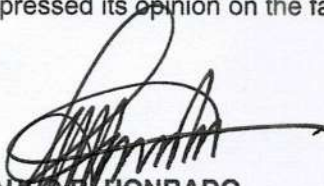
The Management of **JM MICROFINANCE, INC.** (the "Company") is responsible for the preparation and fair presentation of financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

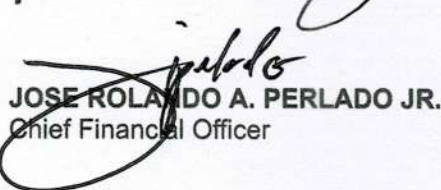
Alas, Oplas & Co., CPAs, the independent auditor appointed by the members for the years ended December 31, 2024 and 2023, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.



PAULO R. HONRADO
Chairman of the Board



CHARISMA D. LASCOTA
President



JOSE ROLANDO A. PERLADO JR.
Chief Financial Officer

Signed this 7th day of April, 2025



Regine Roldan <roroldan@jmhfi.com>

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph>

Wed, Apr 30, 2025 at 7:47 PM

To: COMPLIANCE@jmhfi.com

Cc: CDFUNELAS@jmhfi.com

Hi JMH MICROFINANCE, INC.,

Valid files

- EAFS006140730RPTTY122024.pdf
- EAFS006140730TCRTY122024-01.pdf
- EAFS006140730ITRTY122024.pdf
- EAFS006140730AFSTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-QYVM4SMS0QMT4V32VQXSPQQ1R02YZYZQYV**

Submission Date/Time: **Apr 30, 2025 07:47 PM**

Company TIN: **006-140-730**

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Alas Oplas & Co., CPAs

7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Offices:

Makati	Alabang	Ortigas	Paranaque	Cavite
Bulacan	Isabela	Nueva Ecija	Bacolod	Iloilo
Legazpi	La Union	Laguna		

INDEPENDENT AUDITOR'S REPORT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

To the Members and the Board of Trustees
JMH MICROFINANCE, INC.
(Formerly: J.M. Honrado Foundation, Inc.)
(A Microfinance Non-Government Organization)
CRH Building, Salugan,
Camalig, Albay

We have examined the financial statements of **JMH MICROFINANCE, INC.** for the years ended December 31, 2024 and 2023 on which we have rendered the attached report dated April 7, 2025.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the said Company has no stockholders, being a non-stock, non-profit organization.

ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028
BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027
SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period
TIN 002-013-406-000

By:



RYAN A. SABUG

Partner

CPA License No. 0111183

BOA Registration No. 0190/P-004, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026

SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period

TIN 232-158-286-000

PTR No. 10466283, issued on January 2, 2025, Makati City

April 7, 2025
Makati City, Philippines



Alas Oplas & Co., CPAs

INDEPENDENT AUDITORS' REPORT

To the Members and the Board of Trustees
JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
CRH Building, Salugan, Camalig, Albay

7/F Philippine AXA Life Centre
1286 Sen. Gil Puyat Avenue
Makati City, Philippines 1200
Phone: (632) 7116-4366
Email: aocheadoffice@alasoplas.com
Website: www.alasoplascpas.com

Offices:

Makati	Alabang	Ortigas	Paranaque	Cavite
Bulacan	Isabela	Nueva Ecija	Bacolod	Iloilo
Legazpi	La Union	Laguna		

Opinion

We have audited the financial statements of **JMH MICROFINANCE, INC.** (the "Company"), which comprise the statements of assets, liabilities and fund balance as at December 31, 2024 and 2023, and the statements of revenue over expenses, statements of changes in fund balance and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Alas Oplas & Co., CPAs

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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



Alas Oplas & Co., CPAs

The Supplementary Information Required under Revenue Regulations Nos. 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary Information required under Revenue Regulations Nos. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year in Note 29 to the financial statements, are presented for purposes of filing with the Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of **JMH MICROFINANCE, INC.** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ALAS, OPLAS & CO., CPAs

BOA Registration No. 0190, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-000-2024, issued on January 5, 2024; effective until January 4, 2027

SEC A.N. (Firm) 0190-SEC, Group A, issued on October 21, 2021; valid for 2021 to 2025 audit period

TIN 002-013-406-000

By:



RYAN A. SABUG

Partner

CPA License No. 0111183

BOA Registration No. 0190/P-004, valid from February 19, 2025, to February 18, 2028

BIR A.N. 08-001026-004-2023, issued on February 9, 2023; effective until February 8, 2026

SEC A.N. (Individual) 111183-SEC, Group A, issued on February 4, 2021; valid for 2020 to 2024 audit period

TIN 232-158-286-000

PTR No. 10466283, issued on January 2, 2025, Makati City

April 7, 2025

Makati City, Philippines

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
DECEMBER 31, 2024 AND 2023
In Philippine Peso

	Notes	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	6	103,173,412	66,350,581
Loans receivable – net	7	475,814,780	401,717,938
Accounts receivable and other receivables	8	10,259,194	4,306,580
Other current assets	9	6,972,151	6,706,302
Total Current Assets		596,219,537	479,081,401
Non-current Assets			
Financial assets at FVOCI	10	3,915,907	2,915,907
Property and equipment – net	11	30,225,080	20,497,784
Deferred tax asset	20	128,991	215,261
Total Non-current Assets		34,269,978	23,628,952
TOTAL ASSETS		630,489,515	502,710,353
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Microsavings	12	204,462,246	165,363,058
Accounts payable and other payable	13	58,985,151	46,652,865
Income tax payable		1,406,214	1,323,519
Loans payable – current	14	20,674,460	3,519,500
Total Current Liabilities		285,528,071	216,858,942
Non-current Liabilities			
Loans payable – net of current portion	14	7,171,646	21,829,479
Retirement benefit obligation	18	7,915,232	7,915,232
Total Non-current Liabilities		15,086,878	29,744,711
Total Liabilities		300,614,949	246,603,653
Fund Balance	15	329,874,566	256,106,700
TOTAL LIABILITIES AND FUND BALANCE		630,489,515	502,710,353

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF REVENUES OVER EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
In Philippine Peso

	Notes	2024	2023
REVENUE AND OTHER INCOME	16	309,114,383	261,457,597
COST AND EXPENSES			
Operating costs	17	(161,011,873)	(153,579,403)
Administrative expenses	17	(68,070,625)	(22,419,183)
		(229,082,498)	(175,998,586)
EXCESS OF REVENUE OVER EXPENSES BEFORE INCOME TAX		80,031,885	85,459,011
INCOME TAX EXPENSE	20	(6,264,019)	(5,285,337)
EXCESS OF REVENUE OVER EXPENSES		73,767,866	80,173,674
OTHER COMPREHENSIVE INCOME		—	(3,782,858)
TOTAL COMPREHENSIVE INCOME		73,767,866	76,390,816

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CHANGES IN FUND BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
In Philippine Peso

			Other comprehensive income		
			Unrealized fair	Remeasurements	
	Members'	Accumulated	value changes	of defined benefit	
	Contribution	Savings	in financial	obligation	
	(Note 15)	(Note 15)	assets at FVOCI	(Note 18)	Total
			(Note 10)		
Balance, December 31, 2022 as restated	22,344,532	155,785,551	(73,682)	1,659,483	179,715,884
Total comprehensive income	–	80,173,674	10,612	(3,793,470)	76,390,816
Balance, December 31, 2023	22,344,532	235,959,225	(63,070)	(2,133,987)	256,106,700
Total comprehensive income	–	73,767,866	–	–	73,767,866
Balance, December 31, 2024	22,344,532	309,727,091	(63,070)	(2,133,987)	329,874,566

See Notes to Financial Statements.

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
In Philippine Peso

	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenue over expenses		80,031,885	85,459,011
Adjustments for:			
Interest income from bank deposits	6	(220,321)	(119,922)
Provision for probable losses	7,17	20,087,390	20,460,016
Depreciation	11	15,847,906	8,397,729
Interest expense on lease liabilities		312,096	87,522
Retirement benefit expense	18	2,000,000	1,469,607
Operating income before working capital changes		118,058,956	115,753,963
Increase in:			
Loan receivable		(94,184,232)	(47,983,343)
Accounts receivable and other receivable		(5,952,614)	(1,222,062)
Other current assets		(265,849)	(392,154)
Increase (decrease) in:			
Microsavings		39,099,188	24,246,379
Accounts payable and other payable		8,331,168	(6,036,714)
Cash generated from operations		65,086,617	84,366,069
Income tax paid		(6,070,463)	(4,871,933)
Contributions to retirement fund	18	(2,000,000)	(702,847)
Benefits paid	18	—	(76,000)
Interest income received	6	220,321	119,922
Net cash generated from operating activities		57,236,475	78,835,211
CASH FLOWS FROM INVESTING ACTIVITY			
Additions to property and equipment	11	(15,193,021)	(7,347,491)
Additions to financial assets at FVOCI	10	(1,000,000)	—
Net cash used in investing activities		(16,193,021)	(7,347,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	13	(6,717,750)	(1,917,693)
Payment of loans payable	14	(24,534,873)	(61,249,065)
Proceeds from additional borrowings	14	27,032,000	19,039,000
Net cash used in financing activities		(4,220,623)	(44,127,758)
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,822,831	27,359,962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		66,350,581	38,990,619
CASH AND CASH EQUIVALENTS AT END OF YEAR	6	103,173,412	66,350,581

See Notes to Financial Statements.

1. CORPORATE INFORMATION

JMH MICROFINANCE INC. (the “Company”) is a microfinance non-government organization (NGO) was organized and registered with the Securities and Exchange Commission (SEC) on October 7, 2004 with SEC Registration No. CN200429482 and Bureau of Internal Revenue with Tax Identification No. 006-140-730.

The Company's primary purpose of which is it to implement a microenterprise development strategy and provide microfinance programs, products and services such as a microcredit and micro savings.

Being not organized for profit and since no part of its excess of revenue over expenses inures to the benefit of any private individual or member, the Company falls under Section 30(e) of the Tax Reform Act of 1997 and, as such, income from activities in pursuit of the purpose for which the Company was organized is exempt from income tax.

On August 16, 2016, the implementing rules and regulations (IRR) of Republic Act (RA) No. 10693 or otherwise known as Microfinance NGOs Act was approved and implemented. The IRR of RA10693 requires Microfinance NGOs to be established as non-stock, non-profit corporation with a capital contribution of at least One Million pesos and include the word "Microfinance" in the corporate and trade name of the Microfinance NGO seeking accreditation.

On March 28, 2018, the Company was deemed an accredited Microfinance NGO by the Microfinance NGO Regulatory Council (the Council) after having been certified by the SEC to no derogatory information on March 15, 2018. In accordance with RA 10693, the Company shall be entitled to avail of the two percent (2%) gross receipts tax on its income from microfinance operations.

The Company's registered office address and principal place of business is located at CRH Building, Salugan, Camalig, Albay and has 61 branches, including Mi Corazon, across Bicol Region. The Company is domiciled in the Philippines.

2. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

2.01 Basis of Preparation

The financial statements of the Association 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 (IASB) and approved by the Philippine Board of Accountancy.

PFRS Accounting Standards include all applicable PFRSs, Philippine Accounting Standards (PASs), and Interpretations issued by the Philippine Interpretations Committee – IFRIC as approved by the FSRSC and adopted by the SEC.

2.02 Presentation and Functional Currency

The accompanying financial statements are stated in Philippine Peso and amounts are rounded to the nearest Peso, unless otherwise stated. The Company's functional and presentation currency is the Philippine Peso as it reflects the primary economic environment in which the Company operates.

2.03 Use of Judgments and Estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported in the Company's financial statements and accompanying notes.

Judgments are made by management in the development, selection and disclosure of the Company's significant accounting policies and estimates and the application of these policies and estimates.

The estimates and assumptions are reviewed on an on-going basis. These are based on management's evaluation of relevant facts and circumstances as of the reporting date. Actual results could differ from such estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.04 Going Concern Assumption

The Company is not aware of any significant uncertainties that may cast doubts upon the Company's ability to continue as a going concern.

3. ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

3.01 New and Amended Standards and Interpretations Effective on January 1, 2024

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024, unless otherwise stated.

- Classification of Liabilities as Current or Non-current (Amendments to PAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to PFRS 16)
- Supplier Finance Arrangements (Amendments to PAS 7 and PFRS 7)
- Non-current Liabilities with Covenants (Amendments to PAS 1)

These amendments had no impact on the Company's financial statements.

3.02 Standards Issued but Not Yet Effective (Effective Beginning on or After January 1, 2025)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

3.02.01 PFRS 17 Insurance Contracts

PFRS 17 'Insurance Contracts' is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. PFRS 17 replaces PFRS 4 'Insurance Contracts'. PFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of PFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. PFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is originally effective for annual periods beginning January 1, 2023. However, the Financial Reporting Standards Council has approved, on December 15, 2021, the amendment of PFRS 17 which defers the date of initial application by two years to annual periods beginning on or after January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two years after its effective date as decided by the IASB.

The Company does not expect the standard to have a material impact on its operations or financial statements.

3.02.02 Lack of Exchangeability (Amendments to PAS 21)

In August 2023, the IASB amended PAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendment is effective for reporting periods beginning on or after January 1, 2025. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.03 Annual Improvements to PFRS Accounting Standards – Volume 11

In July 2024, the IASB published 'Annual Improvements to PFRS Accounting Standards – Volume 11'. A summary of improvements is set out below:

- PFRS 1 'First-time Adoption of PFRS Financial Reporting Standards' – Hedge accounting by a first-time adopter
- PFRS 7 'Financial Instruments: Disclosures' – Gain or loss on derecognition
- PFRS 7 'Financial Instruments: Disclosures' Implementation Guidance – Disclosure of differences between the fair value and the transaction price and disclosures on credit risk
- PFRS 9 'Financial Instruments' – Transaction price and lessee derecognition of lease liabilities
- PFRS 10 'Consolidated Financial Statements' – Determination of a 'de facto agent'
- PAS 7 'Statement of Cash Flows' – Cost method

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early application is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.04 Amendments to the Classification and Measurement of Financial Instruments (Amendments to PFRS 9 and 7)

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 and PFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and

- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted but will need to be disclosed. The Company does not expect these amendments to have a material impact on its operations or financial statements.

3.02.05 PFRS 18 'Presentation and Disclosure in Financial Statements'

PFRS 18 will replace PAS 1, *Presentation of Financial Statements*, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though PFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Company's financial statements.

The Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with PFRS 18.

3.02.06 PFRS 19 'Subsidiaries without Public Accountability: Disclosures'

Issued in May 2024, PFRS 19 allows for certain eligible subsidiaries of parent entities that report under PFRSs to apply reduced disclosure requirements.

PFRS 19 will become effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The Company does not expect the standard to have a material impact on its operations or financial statements.

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Financial Assets

The Company recognizes financial assets when the entity becomes party to the contractual provision of the financial instruments.

4.01.01 Classification and Measurement

Under PFRS 9, the classification and measurement of financial assets is driven by the Company's contractual cash flow characteristics of the financial assets and business model for managing financial assets.

As of December 31, 2024 and 2023, the Company has not designated any financial assets at FVTPL.

As part of its classification process, the financial assets of the Company are measured at amortized cost if both the following conditions are met:

- The asset within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs and are subsequently measured at amortized cost using effective interest method, less in impairment in value.

The Company's financial assets at amortized cost comprise cash and cash equivalents, and loans receivable.

Financial assets at FVOCI

Equity Instruments at FVOCI

For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation*. This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings. Equity securities at FVOCI are not subject to impairment assessment.

As at December 31, 2024 and 2023, the Company's financial assets at FVOCI amounted to ₱3,915,907 and ₱2,915,907, respectively, as disclosed in Note 10.

4.01.02 Impairment

The Company recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For loans receivable, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

4.01.03 Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.02 Property and Equipment

Property and equipment, except land is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing. Land is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. When each major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. Expenditures incurred after the item has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Building	-	10 years
Transportation equipment	-	5 years
Furniture, Fixtures and other Equipment	-	3 years

Construction in progress (CIP) represents property and equipment under construction or in development and is stated at cost. Cost includes direct costs of construction, applicable borrowing cost, and other related expenditures necessary to prepare the asset for its intended use.

CIP is not depreciated. Depreciation begins only when the construction is completed and the assets is available for use at which point the asset is transferred to the appropriate property and equipment account and depreciated over its estimated useful life.

The residual values, useful lives and method of depreciation of the assets are reviewed and adjusted, if appropriate at each reporting date. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization is credited or charged to current operations. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset the depreciation of that asset is revised prospectively to reflect the new expectations.

An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property and equipment are recognized in the statement of revenue over expenses in the period of retirement or disposal.

4.02.01 Impairment of Property and Equipment other than Inventories

At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of revenue over expenses.

If impairment loss subsequently reverses, the carrying amount of the asset (or group of assets) is increased to the revised estimate of recoverable amount but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of assets) in prior years. A reversal of impairment loss is recognized immediately in the statement of revenue over expenses.

4.03 Financial Liabilities and Equity Instruments

4.03.01 Classification as Debt or Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

4.03.02 Financial Liabilities

Financial liabilities, which include collateral build-up, loans payable, funds held in trust, and accounts payable and other liabilities (except taxes and other statutory payable, and deferred revenue), are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in profit or loss under the Interest Expense in the statement of comprehensive income.

Loans payable are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Microsavings pertains to amounts collected from borrowers which serves as a collateral on the loans availed. Accounts payable and other liabilities consist of accrued expenses, accounts payable and interest payable. These financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payment.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

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

4.03.03 Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

4.04 Fund Balance

4.04.01 Capital Contribution

Capital contribution pertains to the donation received by the Company. The capital contribution is measured at the fair value of the consideration received at the date of contribution.

4.04.02 Accumulated Savings

The amount included in fund balances includes accumulated excess of revenues over disbursement reduced by funds returned to funding agencies/partners and other adjustments. Funds returned to funding agencies/partners are recognized as a liability and deducted from fund balances in accordance with specific provision of the contract related to the funds. Fund balances may also include effect of change in accounting policy as may be required by the provisions of new accounting standards and interpretations.

4.04.03 Other Comprehensive Income (OCI)

The Company recognizes OCI for changes in fair value of financial assets at FVOCI and remeasurement of defined benefit obligation. These amounts will not be reclassified to profit or loss in the future.

4.05 Provisions, Contingent Liabilities and Contingent Assets

4.05.01 Provisions

Provisions are recognized when, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date. The best estimate is the amount the Company would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time.

The Company reviews the provisions at each reporting date and adjust them to reflect the current best estimate of the amount that would be required to settle the obligation at the reporting date. Any adjustments to the amounts previously recognized shall be charged to statement of revenue over expenses.

4.05.02 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only when an inflow of economic benefits is probable.

4.06 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met before revenue is recognized.

4.06.01 Interest Income

Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is recognized using the effective interest method.

4.06.02 Other Income

Income from other sources is recognized when earned during the period and the amount of revenue can be measured reliably.

4.07 Cost and Expense Recognition

Cost and expenses are recognized in the statement of revenue over expenses when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized in the statement of revenue over expenses in following manner:

- on the basis of a direct association between costs incurred and the earning of specific items of income; or
- immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of assets, liabilities and fund balance as an asset.

4.08 Employee Benefits

4.08.01 Short-term Benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Said benefits are measured at the undiscounted amount expected to be paid in exchange for services rendered. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, profit sharing and bonuses, non-monetary benefits, and other short-term benefits.

4.08.02 Post-employment Benefits

The Company has a funded, non-contributory, defined benefit retirement plan covering all qualified employees. Employees' normal retirement benefits will be computed equal to 100% of plan salary for every of credited service.

The liability recognized in the statement of assets, liabilities and fund balance for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bonds using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of assets, liabilities and fund balance with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Interest Expense account in the statement of revenue and expenses.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

4.08.03 Termination Benefits

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

4.09 Leases

4.09.01 The Company as Lessee

The Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three (3) key evaluations which are whether:

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

Recognition and Initial Measurement

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The Company 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.

Subsequent Measurement

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Useful life considered in depreciating the right-of-use assets is the life of the asset or remaining term of the lease, whichever is shorter.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.10 Related Parties and Related Party Transactions

4.10.01 Related Parties

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company and close members of the family of any individuals owning directly or indirectly a significant voting power of the Company that gives them significant influence in the financial and operating policy decisions are also considered to be related parties. An entity is related to the Company when it directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the Company.

4.10.02 Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.11 Income Tax

4.11.01 Income Subject to Preferential Tax

Under Republic Act No. 10693, also known as Microfinance NGOs Act, the preferential tax rate covers only NGOs that operate as microfinance for the poor and low-income individuals. Also, the preferential tax based on gross receipts should only refer to lending activities and insurance commissions integral to the qualified lending activities of the Company.

4.11.02 Income Subject to Regular or Minimum Corporate Income Tax

All other income not generated from lending activities and insurance commissions are subject to all applicable taxes.

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

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

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

4.12 Events After the End of the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements while subsequent events that do not require adjustments (non-adjusting events) are disclosed in the notes to financial statements when material.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.01.01 Distinction between Provisions and Contingencies

Judgment is exercised by Management to distinguish between provisions and contingencies. The policy on the recognition and disclosure of provisions is discussed in Note 4. As of December 31, 2024 and 2023, the Company has determined that no contingencies will materially affect the Company's financial statements, hence no provision is recognized.

5.01.02 Functional Currency

The Company has determined that its functional currency is the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Company operates.

5.01.03 Determining Whether or Not a Contract Contains a Lease

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Identified Asset

An asset is typically identified by being explicitly specified in a contract. However, an asset can also be identified by being implicitly specified at the time that the asset is made available for use by the customer.

Substantive Substitution Rights

Even if the asset is specified, the Company does not have the right to use an identified asset, if, at inception of the contract, a supplier has the substantive right to a substitute the asset throughout the period of use (i.e., the total period of time that an asset is used to fulfill a contract with the Company, including the sum of any non-consecutive periods of time). A supplier's right to substitute an asset is substantive when both of the following conditions are met:

- The supplier has the practical ability to substitute alternative assets throughout the period of use (e.g., the Company cannot prevent the supplier from substituting an asset and alternative assets are readily available to the supplier or could be sourced by the supplier within a reasonable period of time); and
- The supplier would benefit economically from the exercise of its right to substitute the asset (i.e., the economic benefits associated with substituting the asset is expected to exceed the costs associated with substituting the asset).

The Company's evaluation of whether a supplier's substitution right is substantive is based on facts and circumstances at inception of the contract. At inception of the contract, the Company does not consider future events that are not likely to occur.

Right to Obtain Substantially all of the Economic Benefits from Use of the Identified Asset

To control the use of an identified asset, the Company is required to have the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use (e.g., by having exclusive use of the asset throughout that period).

When assessing whether the Company has the right to obtain substantially all of the economic benefits from the use of an asset, the Company considers the economic benefits that result from use of the asset within the defined scope of the customer's right to use the asset. A right that solely protects the supplier's interest in the underlying asset (e.g., limits on the number of miles a customer can drive a supplier's vehicle) does not, in and of itself, prevent the Company from obtaining substantially all of the economic benefits from use of the asset and, therefore, are not considered when assessing whether the Company has the right to obtain substantially all of the economic benefits.

If a contract requires the Company to pay the supplier or another party a portion of the cash flows derived from the use of an asset as consideration (e.g., a percentage of sales from the use of retail space), those cash flows are considered to be economic benefits that the Company derives from the use of the asset.

Right to Direct the Use of the Identified Asset

The Company has the right to direct the use of an identified asset throughout the period of use when either the Company has the right to direct how and for what purpose the asset is used throughout the period of use. The Company has the right to direct the use of an identified asset whenever it has the right to direct how and for what purpose the asset is used throughout the period of use (i.e., it can change how and for what purpose the asset is used throughout the period of use). When evaluating whether the Company has the right to change how and for what purpose the asset is used throughout the period of use, its focus is on whether the Company has the decision-making rights that will most affect the economic benefits that will be derived from the use of the asset. The decision-making rights that are most relevant are likely to depend on the nature of the asset and the terms and conditions of the contract.

5.01.04 Determination of Lease Term of Contracts with Renewal and Termination Options

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

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

5.01.05 Classification of Financial Instruments

The Company classifies a financial instrument, or its components parts, on initial recognition, as a financial asset, financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial condition.

5.01.06 Recognition of Deferred Tax

Management's judgment is required in determining the provision for income taxes, deferred tax assets and liabilities, and the extent to which deferred income tax assets can be recognized. A deferred tax asset is recognized if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognized in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination.

Deferred tax asset, net of deferred tax liability amounted to ₱128,991 and ₱215,261 as of December 31, 2024 and 2023, respectively, as disclosed in Note 20.

5.02 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Probable Losses

The Company assesses whether objective evidence of impairment exists for loans receivable that are individually significant, and collectively for loans receivable that are not individually significant. Allowance for probable losses is maintained at a level considered adequate to provide for potentially uncollectible receivable. The level of allowance is based on the aging of loans receivable, past collection experience and other factors that may affect its collectability. The allowance is established through charges to income in the form of provision for probable losses. In addition, the Company uses the estimation of allowance for probable losses mandated by the Microfinance NGO Regulatory Council.

5.02.02 Estimating Useful Lives of Property and Equipment

The useful lives of each item of the Company's property and equipment acquired are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar asset. The estimated useful life of each asset is reviewed periodically and 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.

As of December 31, 2024 and 2023, the net carrying value of the Company's property and equipment amounted to ₱30,225,080 and ₱20,497,784, respectively, as disclosed in Note 11.

5.02.03 Determination of Appropriate Discount Rate in Measuring Lease Liabilities

The Company 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 Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

5.02.06 Valuation of Post-Employment Defined Benefits

The determination of the Bank's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected rate of salary increase. 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, as well as the significant assumptions used in estimating such obligation are presented in Note 18.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

		2024	2023
Cash in bank	₱	98,316,802	₱ 59,952,283
Cash on hand		2,677,620	2,384,413
Petty cash fund		236,000	193,123
Others		1,942,990	3,820,762
Total	₱	103,173,412	₱ 66,350,581

Cash in banks earn interest at the rate of 0.50% to 2% per annum in 2024 and 2023.

Interest income earned from bank deposits and investments amounted to ₱220,321 and ₱119,922 for the years ended December 31, 2024 and 2023, respectively, as disclosed in Note 16.

Others pertain to G-Cash load wallet of the Company.

There were no restrictions in the Company's cash and cash equivalents as of December 31, 2024 and 2023.

7. LOANS RECEIVABLE – net

The Company's loans receivable consists of:

	2024	2023
Current	₱ 459,054,460	₱ 390,687,551
Past due	70,800,455	47,870,290
Gross loans receivable	529,854,915	438,557,841
Allowance for probable losses	(54,040,135)	(36,839,903)
	₱ 475,814,780	₱ 401,717,938

Breakdown of gross loan receivable as to loan product and performance is as follows:

	2024		
Loan Product	Current	Past Due	Total
Microfinance Loans			
KABUHAYAN	341,242,473	33,249,232	374,491,705
AGAP			
AGAP Negosyo	78,086,260	21,104,093	99,190,353
AGAP Daily	7,395,543	2,235,848	9,631,391
Sub-total	426,724,276	56,589,173	483,313,449
Other Programs and Services			
Educational Loan	13,005,869	1,190,622	14,196,491
AKAP	794,192	58,220	852,412
Unlad-Kalinga	560,865	1,321	562,186
SOLAR	190,702	8,480	199,182
SSS	367,974	–	367,974
WASH	979,740	34,787	1,014,527
Sub-total	15,899,342	1,293,430	17,192,772
Agri Loans			
ACPC	9,952,730	12,749,864	22,702,594
Employee Loan			
Employee Loan	3,620,093	68,509	3,688,602
Motor vehicle scheme	2,858,019	99,479	2,957,498
Sub-total	6,478,112	167,988	6,646,100
Total	459,054,460	70,800,455	529,854,915

Loan Product	2023		Total
	Current	Past Due	
Microfinance Loans			
KABUHAYAN	278,109,856	24,207,769	302,317,625
AGAP			
AGAP Negosyo	72,650,045	13,669,605	86,319,650
AGAP Daily	5,539,932	207,226	5,747,158
Sub-total	356,299,833	38,084,600	394,384,433
Other Programs and Services			
Educational Loan	12,607,657	842,433	13,450,090
AKAP	1,192,494	48,092	1,240,586
Unlad-Kalinga	404,884	1,044	405,928
SOLAR	258,275	10,464	268,739
SSS	522,402	—	522,402
WASH	168,947	33,188	202,135
Sub-total	15,154,659	935,221	16,089,880
Agri Loans			
ACPC	14,132,871	8,698,950	22,831,821
Employee Loan			
Employee Loan	3,528,712	16,154	3,544,866
Motor vehicle scheme	1,571,476	135,365	1,706,841
Sub-total	5,100,188	151,519	5,251,707
Total	390,687,551	47,870,290	438,557,841

Loans Receivables consist of KABUHAYAN Loan Program which stands for "Kaunlaran sa Buhay Hango sa Yaman ng Negosyo" and AGAP Loan Program which stands for "Alalay sa Ganap na Pagnenegosyo" which are group and individual loan, respectively. The purpose of the loan is for starting or additional capital of the clients. KABUHAYAN earns interest of 3.5% per month nominal / 5.73% per month diminishing for a maximum of nine (9) months to pay.

In 2021, the company introduced a stand-alone loan package called AKAP loan which means "Alalay na Kagamitan at Aparato sa Pagnenegosyo" to provide access and opportunity for member clients to be more efficient and effective with their businesses through the help of modern technology. The following are the terms and charges of the said loan program:

Loan Type	Amount	Term	Charges
AKAP Loan	Varies based on the actual price of the gadgets availed	6 to 9 months	• 3.15% nominal or 5.73% diminishing interest per month • Unlad-Kalinga • 20% fixed savings as compensating balance

Interest income earned from loans receivable amounted to ₱307,156,618 and ₱259,173,253 for the years ended December 31, 2024 and 2023, respectively, as disclosed in Note 16.

Movement of allowance for probable losses on loans receivable is disclosed below:

	Note	2024	2023
Balance, beginning		₱ 36,839,903	₱ 22,832,250
Additional provision	17	20,087,390	20,460,016
Write-off		(2,887,158)	(6,452,363)
		₱ 54,040,135	₱ 36,839,903

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

The account consists of:

	2024	2023
Due from suppliers	₱ 5,265,509	₱ 1,678,964
Due from employees	4,843,685	2,471,266
Advances to officers and staff	150,000	156,350
	₱ 10,259,194	₱ 4,306,580

Due from employees pertains to loans availed by the employees of the Company which are non-interest bearing and deducted on their semi-monthly salary.

Due from suppliers includes advance payment made by the company for the acquired goods or properties which remained undelivered at the end of the year.

Advances to officers and staff consist of a budget for manager's orientation and branch opening such as meals, transportation and other expenses to be liquidated by the employee-in-charge after the event.

9. OTHER CURRENT ASSETS

The account consists of:

	2024	2023
Supplies on hand	₱ 2,485,303	₱ 2,330,940
Prepaid insurance – St. Peter Life Plan	2,341,580	2,704,360
Prepaid rent	1,798,500	1,352,600
Other prepaid expenses	330,834	286,174
WASH inventory	15,934	32,228
	₱ 6,972,151	₱ 6,706,302

Prepaid insurance refers to plans bought by the Company from St. Peter Life Plan for its clients, as an option instead of cash, that the beneficiaries will receive in case of client's sudden death.

Supplies on hand consists of office supplies and solar products used in solar loans.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)

This account pertains to the investment allocation of insurance policy purchased by the Company from Manulife Chinabank Life Assurance Corporation with a single premium of ₱3,000,000. The policy has investment allocation at 100% of the premium which was used to purchase units of several funds offered by the insurer.

The value of a fund at a given period will depend on its actual performance and unit price movement, which is published at the business section of the Philippine Star or can be viewed on the insurer's website.

As of December 31, 2024, the funds have the following values:

Fund	Unit Balance	Unit Price	Fund Value
PHP Asia Pacific Property Income Fund	3,235,053.58	0.7300	2,361,589
PESO Secure Fund	346,520.01	1.7780	616,113
Peso Growth Fund	324,189.81	2.8940	938,205
Total			3,915,907

As of December 31, 2023, the funds have the following values:

Fund	Unit Balance	Unit Price	Fund Value
PHP Asia Pacific Property Income Fund	1,727,679.96	0.8210	1,418,425
PESO Secure Fund	346,920.52	1.7250	598,438
Peso Growth Fund	324,564.50	2.7700	899,044
Total			2,915,907

Movement of the investment account is shown below:

	2024	2023
Beginning balance	₱ 2,915,907	₱ 2,901,757
Placement	1,000,000	—
Unrealized gains for the year	—	14,150
	₱ 3,915,907	₱ 2,915,907

Details of other comprehensive loss reported in fund balance are as follows:

	2024	2023
Beginning balance	₱ 63,070	₱ 73,682
Origination during the year:		
Unrealized gain	—	(14,150)
Deferred tax	—	3,538
Net of tax	—	(10,612)
Ending balance	₱ 63,070	₱ 63,070

11. PROPERTY AND EQUIPMENT - net

The carrying amounts of the Company's property and equipment are as follows:

The carrying amounts of the Company's property and equipment are as follows:																					
2024			Land		Building		Transportation equipment		Furniture, Fixtures & Other equipment		Construction- in-progress		Right-of-use assets	Total							
Cost																					
Balance, January 1	P		3,000,000	P		10,000,000	P		6,994,072	P		29,684,008	P		69,768	P		3,419,954	P		53,167,802
Additions			—			—			4,022,742			10,179,627			990,652			—			15,193,021
Additions – PFRS 16			—			—			—			—			10,451,580			10,451,580			10,451,580
Derecognition			—			—			(1,026,131)			(5,042,895)			—			(2,081,790)			(8,150,816)
Adjustment			—			—			—			(411,550)			(342,771)			(754,321)			(754,321)
Balance, December 31			3,000,000			10,000,000			9,990,683			34,820,740			648,870			11,446,973			69,907,266
Accumulated depreciation																					
Balance, January 1			—			2,955,096			5,178,332			22,588,865			—			1,947,725			32,670,018
Depreciation (Note 17)			—			495,000			1,073,227			7,620,793			—			6,658,886			15,847,906
Derecognition			—			—			(919,848)			(5,042,895)			—			(2,081,790)			(8,044,533)
Adjustment			—			14,904			(32,172)			(465,835)			—			(308,102)			(791,205)
Balance, December 31			—			3,465,000			5,299,539			24,700,928			—			6,216,719			39,682,186
Carrying amount	P		3,000,000	P		6,535,000	P		4,691,144	P		10,119,812	P		648,870	P		5,230,254	P		30,225,080

JMH MICROFINANCE, INC.
(A Microfinance Non-Government Organization)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023
In Philippine Peso

2023		Land		Building		Transportation equipment		Furniture, Fixtures & Other equipment		Construction-in- progress		Right-of-use assets		Total
Cost														
Balance, January 1	₱	3,000,000	₱	10,000,000	₱	6,841,787	₱	23,304,361	₱	248,628	₱	2,887,794	₱	46,282,570
Additions		—		—		141,615		6,379,647		826,229		—		7,347,491
Additions – PFRS 16		—		—		—		—		—		1,610,732		1,610,732
Disposal		—		—		(120,874)		(146,450)		—		(1,078,572)		(1,345,896)
Adjustment		—		—		131,544		146,450		(1,005,089)		—		(727,095)
Balance, December 31		3,000,000		10,000,000		6,994,072		29,684,008		69,768		3,419,954		53,167,802
Accumulated depreciation														
Balance, January 1		—		2,460,096		4,359,867		17,492,622		—		1,191,987		25,504,572
Depreciation (Note 17)		—		495,000		855,506		5,212,912		—		1,834,311		8,397,729
Disposal		—		—		(120,874)		(146,450)		—		—		(267,324)
Adjustment		—		—		83,833		29,781		—		(1,078,573)		(964,959)
Balance, December 31		—		2,955,096		5,178,332		22,588,865		—		1,947,725		32,670,018
Carrying amount	₱	3,000,000	₱	7,044,904	₱	1,815,740	₱	7,095,143	₱	69,768	₱	1,472,229	₱	20,497,784

Breakdown of the depreciation expense is disclosed as follows:

	Note	2024	2023
Operating costs	17	₱ 10,725,003	₱ 7,050,917
Administrative expenses	17	5,122,903	1,346,812
		₱ 15,847,906	₱ 8,397,729

The Company assesses at each financial reporting date whether there is an indication that an item of property and equipment may be impaired and believes that there is no such indication as of December 31, 2024 and 2023.

All additions were paid in cash. No items of property and equipment were used as collateral for liabilities as of December 31, 2024 and 2023.

Under existing MNRC regulations, total investment in real estate and stocks in a real estate corporation and other real estate projects shall not exceed 25% of the Microfinance NGO's net worth. As of December 31, 2024 and 2023, the Company has satisfactorily complied with this provision.

12. MICROSAVINGS

The account consists of:

	2024	2023
Pilit Impok	₱ 192,863,168	₱ 155,281,584
Impok Para sa Kinabukasan	11,599,078	10,081,474
	₱ 204,462,246	₱ 165,363,058

The "Pilit Impok" pertains to the savings of the members, as capital build-up, which is equivalent to 10% of the weekly principal amortization of the loan amount, center fund and voluntary saving remitted by the members. This can be used for any project development of the centers. Members can fully withdraw the savings upon termination of their membership. The "Pilit Impok Funds" earns interest of 2% per annum based on the daily average balance.

The "Impok Para sa Kinabukasan" is the voluntary savings made by the employees of the Company earning an interest of 6% per annum. This can be withdrawn upon full payment of their outstanding loans.

Per R.A. No. 10693 or the Implementing Rules and Regulations of the Microfinance NGOs Act states that the total capital build-up should not exceed the total loan portfolio. As of December 31, 2024 and 2023, the Company is compliant with this provision.

Interest expense incurred from pilit-impok amounted to ₱2,602,146 and ₱2,143,069 for the years ended December 31, 2024 and 2023, respectively.

13. ACCOUNTS PAYABLE AND OTHER PAYABLES

The account is composed of the following:

	2024	2023
Accounts payable	₱ 46,669,074	₱ 38,376,449
Calamity fund	3,886,175	4,674,896
SSS/PhilHealth/Insurance premium payable	2,168,581	1,678,769
Lease liability	5,727,584	1,508,946
Accrued interest	180,766	156,037
Taxes payable	170,011	133,128
Consignment payable	182,960	124,640
	₱ 58,985,151	₱ 46,652,865

Accounts payable are composed of non-refundable insurance that are deducted from loans of the borrowers.

Accounts payable also includes the funds granted by the Agricultural Credit Policy Council (ACPC) to the Company for the implementation of the following programs:

1. Agri-Negosyo (ANYO) – designed to finance MSEs and farmer and fisherfolk organizations/associations, capital requirements for acquisition of machinery/equipment, construction of facilities and/or working capital requirements for agri-fishery-based income generating activities.
2. Kapital Access for Young Agripreneurs (KAYA) – designed to finance the capital requirements of start-up or existing farm/fishery business.
3. Survival and Recovery (SURE AID) – designed to finance the requirements of rehabilitating the farming, fishing or livelihood activities of affected small farm/fishing households, to include production inputs, repair of farm/fishery assets, acquisition of livestock/work animals.

Calamity fund is an allocated amount to support the members and borrowers' livelihood in case of emergency or natural calamities occurred.

Details of the Company's lease liabilities and their carrying amounts are as follows:

	2024	2023
Balance, January 1	₱ 1,508,946	₱ 1,728,385
Additions	10,719,634	1,610,732
Interest expense	312,096	87,522
Payments	(6,717,750)	(1,917,693)
Adjustment	(95,342)	–
Balance, December 31	₱ 5,727,584	₱ 1,508,946

The maturity analysis of lease liabilities as of December 31, 2024:

	Lease payments	Finance charges	Net present values
Within 1 year	₱ 4,663,798	₱ 168,531	₱ 4,495,267
1 – 2 years	1,077,134	28,789	1,048,345
2 – 3 years	185,997	2,025	183,972
Carrying amount	₱ 5,926,929	₱ 199,345	₱ 5,727,584

The maturity analysis of lease liabilities as of December 31, 2023:

		Lease payments		Finance charges		Net present values
Within 1 year	₱	1,207,482	₱	40,403	₱	1,167,079
1 – 2 years		346,041		4,174		341,867
Carrying amount	₱	1,553,523	₱	44,577	₱	1,508,946

14. LOANS PAYABLE

Loans payable pertains to borrowings from Land Bank of the Philippines, Development Bank of the Philippines, Rizal Commercial Banking Corporation and Small Business Corporation as follows:

		2024		2023
Small Business Corporation	₱	21,814,106	₱	21,829,479
Land Bank of the Philippines		5,000,000		2,000,000
Development Bank of the Philippines		1,032,000		519,500
Rizal Commercial Banking Corporation		–		1,000,000
	₱	27,846,106	₱	25,348,979

Movement of the account is disclosed below:

		2024		2023
Beginning balance	₱	25,348,979	₱	67,559,044
Availments made during the year		27,032,000		19,039,000
Payments made during the year		(24,534,873)		(61,249,065)
	₱	27,846,106	₱	25,348,979

As to maturity:

		2024		2023
Due within twelve months	₱	20,674,460	₱	3,519,500
Due after twelve months		7,171,646		21,829,479
	₱	27,846,106	₱	25,348,979

Such borrowings bear interest ranging from 2% to 8% in 2024 and 2023.

No assets were pledged to secure the loans payable as of December 31, 2024 and 2023.

Interest expense incurred from loans payable amounted to ₱1,069,422 and ₱1,560,495 for the years ended December 31, 2024 and 2023, respectively.

15. FUND BALANCE

The Company uses the funds for the operational activities as indicated in the approved agreement with the members. Fund balance is utilized only for projected activities in conformity with the approved work plans, budgets, personnel and financial guidelines and policies of the Company. The fund balance as of December 31, 2024 and 2023, amounted to ₱329,874,566 and ₱256,106,700, respectively.

Breakdown of fund balance is as follows:

	2024	2023 As restated
Capital contribution	₱ 22,344,532	₱ 22,344,532
Accumulated savings	309,727,091	235,959,225
Other comprehensive loss	(2,197,057)	(2,197,057)
	₱ 329,874,566	₱ 256,106,700

16. REVENUE AND OTHER INCOME

Revenue and other income are composed of the following:

	2024	2023
Interest income	₱ 307,376,939	₱ 259,293,175
Service charge	515,553	177,159
Rental and catering service	191,500	430,851
Miscellaneous income	1,030,391	1,556,412
	₱ 309,114,383	₱ 261,457,597

Miscellaneous income pertains to reversal of allowance for probable losses, discounts, cash overage, and other income.

Breakdown of interest income is as follows:

	Notes	2024	2023
Interest income on loans	7	₱ 307,156,618	₱ 259,173,253
Interest income on bank deposits	6	220,321	119,922
		₱ 307,376,939	₱ 259,293,175

17. COST AND EXPENSES

The account consists of:

	2024	2023
Operating costs	₱ 161,011,873	₱ 153,579,403
Administrative expenses	68,070,625	22,419,183
	₱ 229,082,498	₱ 175,998,586

The breakdown of the Company's operating costs and expenses from continuing activities is as follows:

2024	Notes	Operating costs	Administrative expenses	Total
Personnel cost		₱ 83,663,077	₱ 41,075,385	₱ 124,738,462
Transportation and travel		17,712,245	7,261,308	24,973,553
Provision for probable losses	7	20,087,390	—	20,087,390
Depreciation	11	10,725,003	5,122,903	15,847,906
Interest		3,671,568	312,097	3,983,665
Rent		2,319,544	—	2,319,544
Supplies expense		5,206,270	159,504	5,365,774
Utilities		2,344,188	632,639	2,976,827
Medical expenses		782,412	335,320	1,117,732
Professional fee		49,069	3,851,084	3,900,153
Repairs and maintenance		3,072,988	1,316,995	4,389,983
Client and community services		2,762,900	1,184,100	3,947,000
Taxes and licenses		1,052,992	518,587	1,571,579
Trainings and development		—	3,059,748	3,059,748
Insurance		319,132	136,772	455,904
Communication		31,483	13,492	44,975
Miscellaneous		7,211,612	3,090,691	10,302,303
		₱ 161,011,873	₱ 68,070,625	₱ 229,082,498
2023	Notes	Operating costs	Administrative expenses	Total
Personnel cost		₱ 83,625,676	₱ 6,999,586	₱ 90,625,262
Transportation and travel		17,458,325	443,467	17,901,792
Provision for probable losses	7	20,444,004	16,012	20,460,016
Depreciation	11	7,050,917	1,346,812	8,397,729
Interest		1,784,652	2,101,713	3,886,365
Rent		4,087,133	—	4,087,133
Supplies expense		2,880,407	776,400	3,656,807
Utilities		2,833,075	404,873	3,237,948
Medical expenses		399,063	171,027	570,090
Professional fee		19,227	2,430,157	2,449,384
Repairs and maintenance		4,064,329	1,115,510	5,179,839
Client and community services		2,969,093	953,248	3,922,341
Taxes and licenses		935,788	346,113	1,281,901
Trainings and development		—	2,445,395	2,445,395
Insurance		83,531	97,477	181,008
Communication		16,220	6,625	22,845
Miscellaneous		4,927,963	2,764,768	7,692,731
		₱ 153,579,403	₱ 22,419,183	₱ 175,998,586

Client and community services represent the amount incurred for the activities disclosed in Note 21.

Personnel cost consists of the following:

2024	Note	Administrative expenses	Operating costs	Total
Salaries and wages		₱ 49,613,994	₱ 23,638,305	₱ 73,252,299
Other employee benefits		25,886,011	13,938,621	39,824,632
Government contributions		6,763,072	2,898,459	9,661,531
Retirement benefit expense	18	1,400,000	600,000	2,000,000
		₱ 83,663,077	₱ 41,075,385	₱ 124,738,462

2023	Note	Administrative expenses	Operating costs	Total
Salaries and wages		₱ 3,349,376	₱ 48,754,799	₱ 52,104,175
Other employee benefits		2,839,670	27,798,718	30,638,388
Government contributions		369,658	6,043,434	6,413,092
Retirement benefit expense	18	440,882	1,028,725	1,469,607
		₱ 6,999,586	₱ 83,625,676	₱ 90,625,262

18. RETIREMENT BENEFIT

The Company has a funded, non-contributory, defined benefit retirement plan covering all qualified employees.

Employees' retirement benefits will be computed equal to 100% of plan salary for every year of credited service.

The normal retirement date of each member shall be the first day of the month coincident with or next following his attainment of age sixty (60) with at least five (5) years of service. A member may elect to have early retirement date after his attainment of age fifty-five (55) and provided he has completed at least ten (10) years of service. A member may also be allowed to have late retirement date from the first day of any month after attaining his normal retirement date but not beyond age sixty-five (65).

The assumptions used to determine retirement benefits of the Company are as follows:

	2024	2023
Discount rate	—	6.12%
Salary rate increase	—	6.00%

As of December 31, 2024 and 2023, the Company has retirement benefit obligation as shown below:

	2024	2023
Accrued retirement benefit	₱ 17,112,549	₱ 15,112,549
Plan asset	(9,197,317)	(7,197,317)
	₱ 7,915,232	₱ 7,915,232

Movement of accrued retirement benefit is shown below:

	2024	2023
Balance, January 1	₱ 15,112,549	₱ 9,523,962
Current service cost	2,000,000	1,246,155
Benefits paid from book reserve	—	(76,000)
Benefits paid from plan assets	—	(30,659)
Interest expense	—	687,630
(Gain) or Loss arising from:		
Changes in financial assumptions	—	3,761,461
Balance, December 31	₱ 17,112,549	₱ 15,112,549

Details of the Company's plan asset is disclosed below:

	2024	2023
Balance, January 1	₱ 7,197,317	₱ 6,092,960
Contributions to retirement fund	2,000,000	702,847
Benefits paid from plan assets	—	(30,659)
Return on plan asset	—	432,169
Balance, December 31	₱ 9,197,317	₱ 7,197,317

Allocation of plan assets is as follows:

	2024	2023
Cash and cash equivalents	₱ 2,159	₱ 2,159
Equity instruments	299,409	299,409
Debt instruments - government bonds	4,820,043	4,820,043
Debt instruments - other bonds	300,848	300,848
Unit investment trust funds	1,697,127	1,697,127
Other (accrued receivables net of payables, etc.)	2,077,731	77,731
Total	₱ 9,197,317	₱ 7,197,317

Details of retirement benefit expense as disclosed in Note 17 are disclosed below:

	2024	2023
Current service cost	₱ 2,000,000	₱ 1,246,155
Interest income	—	(464,178)
Interest expense	—	687,630
	₱ 2,000,000	₱ 1,469,607

Amounts recognized in other comprehensive income (OCI) in respect of these retirement benefit plans are as follows:

	2024	2023
Balance, January 1	₱ (2,133,987)	₱ 1,659,483
Remeasurements of the net defined benefit liability	—	(3,793,470)
Balance, December 31	₱ (2,133,987)	₱ (2,133,987)

Below shows the sensitivity analysis determined based on reasonably possible changes of each significant assumptions stated above, assuming all other assumptions were held constant:

Principal assumptions	Increase (Decrease) in assumption		Impact on Retirement Benefit Obligation	
			2024	2023
Discount rate	1%	P	- P	(1,847,804)
	(1%)		-	2,234,891
Salary increase rate	1%		-	2,214,692
	(1%)		-	(1,865,711)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be a representative of the actual change in the 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 defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The Company is exposed to a number of risks through its defined benefit plan. The most significant risks are detailed below:

Volatility risk

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The plan holds savings deposits and unit investment trust funds which is expected to at least match corporate bonds in the long term while providing volatility and risk in the short term.

As the plan mature, the Company intends to reduce the level of investment risk by investing more in assets that better match with the liabilities.

Investment risk

Investment risk is the risk that investments on plan assets will result to lower return than originally expected. This risk emanates on the premise that funded defined benefit plans should be arranged on the basis of Asset-Liabilities Matching principle. Thus, plan assets and future contributions are invested in such a way that it will generate return to cover-up future payments of defined benefit obligations and interest costs. These plan activities expose the Company to sensitivity in investment risks that would result to lower plan assets and higher defined benefit obligations should the performance of the investment portfolio falls below the inflation rate, interest rates and other economic conditions.

Investment risk is mitigated through proper investment planning and concentration of investments.

Inflation risk

Inflation risk is the risk that the equivalent purchasing power of the plan assets will not be able to match the recorded liabilities.

Payments for the defined benefit plan of the Company are not linked to inflation, this, the exposure to this risk is immaterial.

19. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Entities are considered to be related if they are subjected under common control or common significant influence. The Company's related parties include:

- Key management personnel, close family members of key management personnel and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members,
- Post-employment benefit plans for the benefit of the Company's employees, and
- Other related parties within the Company.

Significant transactions with related parties are non-interest advances and reimbursement of expenses of directors, officers and employees.

19.01 Advances to officers

Amounts due from officers and employee includes unsecured non-interest-bearing loans pertaining to motorcycle loan and salary loans, and other unsecured non-interest bearing loans and advances granted to the Company's officers and employees. The account has the balance as of December 31, 2024 and 2023 amounting to ₱6,796,100 and ₱5,409,661, respectively.

19.02 Compensation of Key Management Personnel

Compensation of key management personnel of the Company pertains to consultancy fees, salaries and other short-term benefits. As of December 31, 2024 and 2023, the Company paid to its key management personnel amounting to ₱9,612,316 and ₱8,516,600, respectively.

19.03 Transactions with Retirement Fund

The Bank's retirement benefit fund is being maintained by CBC Trust and Asset Management Group. The fair value of the fund amounted to ₱7,197,317 as at December 31, 2024 and 2023.

The fund is invested in a diversified portfolio of fund types. For the years ended December 31, 2024 and 2023, the Bank made contributions to and benefit payments from the fund as disclosed in Note 18.

20. INCOME TAXES

Under R.A. 10693, otherwise known as, The "Microfinance NGOs Act", under Section 20 states that a duly registered and accredited Microfinance NGO shall pay two percent (2%) tax based on its gross receipts from microfinance operations in lieu of all national taxes: Provided that, preferential tax treatment shall be accorded only to NGOs whose primary purpose is microfinance and only on their microfinance operations catering to the poor and low-income individuals in alignment with the main goal of this Act to alleviate poverty. The non-microfinance activities of Microfinance NGOs shall be subject to all applicable regular taxes.

20.01 Income Tax Recognized in Profit or Loss

	2024	2023
Income tax expense – current (Preferential tax at 2%)	₱ 6,167,444	₱ 5,210,649
Income tax expense – current (MCIT at 2% and 1.5%)	10,305	67,201
Income tax expense – deferred	86,270	7,487
	₱ 6,264,019	₱ 5,285,337

A numerical reconciliation between tax expense and the excess of revenue over expense multiplied by the tax rate for the year ended December 31, 2024 and 2023 is as follows:

	2024	2023
Excess of revenue over expenses before income tax	₱ 80,031,885	₱ 85,459,011
Tax expense at 25%	20,007,971	21,364,753
Tax effect of:		
Income subject to special rate	(77,093,044)	(65,226,706)
Non-deductible expense charged to special rate	57,236,728	43,959,117
Interest income subject to final tax	(55,080)	(29,981)
Non-deductible penalties	–	18
Total	96,575	67,201
Preferential tax	6,167,444	5,218,136
	₱ 6,264,019	₱ 5,285,337

20.02 Deferred Tax Assets (Liabilities)

Details of the Company's deferred tax assets (liabilities) are disclosed below:

		Excess of MCIT over RCIT		NOLCO		Unrealized loss (gain) on FVOCI investments		Total
Balance, December 31, 2022	₱	7,487	₱	194,239	₱	24,560	₱	226,286
Profit or loss								
Origination		–		–		–		–
Reversal		(7,487)		–		–		(7,487)
Other comprehensive income								
Origination		–		–		–		–
Reversal		–		–		(3,538)		(3,538)
Balance, December 31, 2023	₱	–	₱	194,239	₱	21,022	₱	215,261
Profit or loss								
Origination		10,305		–		–		10,305
Reversal		–		(96,575)		–		(96,575)
Balance, December 31, 2024	₱	10,305	₱	97,664	₱	21,022	₱	128,991

20.03 Net Operating Loss Carry Over (NOLCO)

Under Section 34(D)(3) of the National Internal Revenue Code (NIRC) of 1997, as amended, the net operating loss of the business or enterprise for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income shall be carried over as a deduction from gross income for the next three (3) consecutive taxable years immediately following the year of such loss.

Details of the Company's NOLCO are as follows:

Year incurred	Amount	Applied in Prior Year	Applied in Current Year	Balance	Year of expiry
2022	₱ 776,954	₱ –	₱ (386,299)	₱ 390,655	2025

20.04 Minimum Corporate Income Tax (MCIT)

Section 27(E) of the National Internal Revenue Code of 1997 provides that an MCIT of two percent (2%) of the gross income as of the end of the taxable year is imposed on a taxable corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operation, when the MCIT is greater than RCIT for the taxable year. The Company was incorporated in November 1998, thus, the Company is subject to MCIT.

Details of the Company's MCIT are as follows:

Year incurred	Amount	Applied in Prior Year	Applied in Current Year	Balance	Year of expiry
2024	₱ 10,305	₱ –	₱ –	₱ 10,305	2027

20.05 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act

On February 03, 2021, the final provisions of Senate Bill No. 1357 and House Bill No. 4157 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill, which seeks to reform corporate income taxes and incentives in the country, had been ratified by the Senate and the House of Representatives of the Philippines.

Under the proposed law, effective July 1, 2020, the corporate income tax will be reduced from the current 30% to 20% for domestic corporations with total assets not exceeding P100 million, excluding land, and total net taxable income of not more than P5 million. The corporate income tax of all other corporations (domestic and resident foreign), meanwhile, will be lowered to 25%. The bill would also lower the minimum corporate income tax (MCIT) from 2% to 1% effective July 2020 until June 30, 2023.

21. PROJECTS AND ACTIVITIES

21.01 Scholarship

The Company has one hundred thirteen (113) scholars as of December 31, 2024, under its "Pag-adal mo, Sagot ko" program. Under this program, the scholars will be given a monthly allowance in the amount of P500.00/month, actual uniform expenses not exceeding P1,000 and not more frequent than twice during the scholar's college years, actual cost of Physical Education (P.E.) Uniform, books and project allowance in the amount of P1,500 for every semester, and other fees applicable to the course.

21.02 Business Development Service

In the Business Development Services, two (2) clients engaged in food and handicraft manufacturing were endorsed to DTI for Go Negosyo's KMME-MME (Kapatid Mentor Me-Money Market Encounter) Online Business Mentorship Program. They passed the DTI's evaluation and graduated as a mentee in the KMME-MME Program for Multi-Sector. They attended ten (10) modules where they received business development interventions through business mentoring. They were also coached in drafting and presenting their individual business improvement plan. In terms of Product Development, ten (10) clients engaged in food and handicraft manufacturing were also assisted through product label enhancement/labeling, product design consultation and assessment. In terms of marketing assistance to promote their products and businesses, fifteen (15) clients were assisted to promote and market their manufactured products through trade fairs.

Whereas, twenty-nine (29) clients were assisted in promoting their business/products through online platforms or social media marketing and through joining product display at the JMH's Kaagapay Store which was launched this year. In order to develop the entrepreneurial skills of the client-entrepreneurs, various skills and entrepreneurial training were conducted by the Negosyo Centers of the Department of Trade and Industry, fifty-seven (57) client-entrepreneurs were endorsed and underwent the skills training which is related to their business. Whereas, one hundred sixty-six (166) were endorsed and underwent/attended the entrepreneurial training/seminars. As to the other business interventions, five (5) client-entrepreneurs engaged in food manufacturing, who are also assisted through Business Regulatory Compliance Assistance were endorsed to DTI to receive livelihood kits. Client Socio-Economic Monitoring Tool was used to monitor the progress on the business of intervened clients and to measure its impact on clients' personal economic status.

21.03 Enterprise Management and Skills/Livelihood Training

One of JMHs goals is for its microentrepreneurs clients to scale their business, that is why, through partnership with different Negosyo Center of DTI, JMH organized and facilitated training and seminars. Training and seminars were given to client-members, whose businesses are ready for scaling up and for them to acquire some competencies that will improve their business. A total of twenty (20) Entrepreneurial seminars/training were facilitated by DTI Negosyo Centers and Two (2) sessions conducted by JMH. The Skills training includes: Good Manufacturing Practices Seminar, Training on Digital Marketing, Seminar on Mandatory Labeling Requirements, Business Management Seminar, Food Safety Management Seminar, Entrepreneurial Mind Setting and Values Formation, Seminar on Business Law and Regulatory Requirements cum Edukonsumer Caravan, Seminar on Product Costing and Pricing, Sanitation Standard Procedure Seminar-Workshop, Sari-Sari Store Advancement Program: E-level Up Ang Negosyo, Promoting Sustainable and Inclusive MSMEs through Gender-Responsive Mentoring. A total of one hundred sixty-six (166) client-members participated in these training/seminars.

The JMH also endorsed selected client-members on skills/livelihood training conducted by different DTI Negosyo Centers. A total of sixteen (16) Skills/livelihood Training were conducted. The Skills training includes: Training on Fruits and Nuts Energy Bar, Training on Gourmet Tuyo, Fruit Jam Making, Vegetable Chips Making, Training on Basic Computer Skills for Women MSMEs, Training on Soya Milk Making, Training on Cacao Processing, Training on Bamboo Packaging Making, Training on Abaca-Based Products, Training on Karagumoy Bags, Product Innovation on Puto Lanson de Camalig, Training on Filipino Dessert Upgrading, Training on Concentrated Calamansi, Training on Bottled Chicken Pastil, Innovation on Pili-Based Food Processing. A total of fifty-seven (57) client-members participated in these skills training.

21.04 Business Regulatory Compliance Assistance

The JMH Microfinance, Inc. is strengthening its partnership with the Department of Trade and Industry (DTI) to facilitate member-clients in accessing the programs and services of the said institution. Aside from the provision of technical services and enhancement of entrepreneurial capabilities, our aim is to scale-up their businesses. We deem it necessary to encourage and facilitate our member-clients to legitimize their businesses. This program aims to facilitate the registration of Business Name and enrolment to Barangay Micro Business Enterprise (BMBE), of JMH Microentrepreneur-clients engaged in business, as compliance to government regulations. As of December 2024, two hundred ninety-five (295) endorsed applications for DTI business name registration were processed. One hundred sixty-six (166) client-entrepreneurs were endorsed to DTI in order to register their business as Barangay Micro Business Enterprise (BMBE).

21.05 SSS Facilitation (Registration and Collection)

Due to limitation on access to government benefits of the majority of its client-member, JMH decided to partner with the Social Security System starting with its application for accreditation as Partner Agent for its Collection and Non-collection Facilitation. Today, all JMH Branches are offering registration and collection facilitation for those who are interested to be an SSS Member, whether they are a JMH member or non-member. As of December 31, 2024, JMH assisted eighty-one (81) individuals registered with SSS. A total of two hundred seventy-four (274) client-member are actively remitting their monthly contribution.

21.06 Rice Pa-raffle Promo

A monthly raffle promo of one sack of rice per JMH Branch, for centers who qualified for the set criteria. In 2024, a total of fifty (50) centers with 1,873 client-members benefited one (1) sack of rice as their prize

21.07 Basic Financial Literacy

Improving the clients' financial capability requires educating and empowering them to address the types of financial decisions, opportunities and challenges that arise throughout their financial cycle. Without financial literacy training will lead to bad money habits. As of December 2024, Fifty-three (53) branches conducted a Financial Literacy that was attended by three thousand seven hundred seventy-six (3,776) client-members to become financially literate.

21.08 PSA Online Processing Service

In response to the absence of certified birth and marriage certificates of our client-members, JMH facilitates the online request for issuance of a copy of Civil Registry documents such as birth certificate, marriage certificate, death certificates as well as Certificate of No Marriage Record (CENOMAR) from PSA (Philippines Statistics Authority). As of December 2024, a total of two hundred sixty-four (264) client-members were assisted through JMH Online Processing Service.

21.09 Community Outreach Program

Annual conduct of Community Services in our covered areas is continuously implemented. In the Tree/Mangrove Planting Activity, our goal of planting six thousand (6,000) trees was successfully achieved. This collaborative effort involved our branches partnering with C/PENRO (Community/Provincial Environment and Natural Resources Offices) and barangay LGUs. Together, sixty (60) branches and the home office staff contributed to the planting of thirteen thousand (13,000) seedlings and propagules in NGP (National Greening Program) sites managed by the DENR. This initiative underscores our commitment to environmental conservation and community engagement.

Whereas, in the Dental Hygiene Campaign, a total of Sixty-three (63) Centers successfully conducted the activity. This initiative is part of JMH's health awareness programs, focusing on promoting proper oral hygiene among clients' children aged 5 to 12 years old. The campaign aims to educate children on the correct way of toothbrushing and caring for their teeth. In total, 1,833 children actively participated in the campaign and received dental hygiene kits, furthering our commitment to their overall well-being.

In celebration of our 20th Anniversary, we successfully conducted a Medical Mission that provided Medical, Dental, and Optical Check-up Services, as well as a Bloodletting Activity. Through the collective efforts of our organization and our partners, we were able to serve a total of 432 beneficiaries, further strengthening our commitment to promoting health, wellness, and community service.

21.10 School Supplies Assistance Program

One pressing concern for our client-members is the financial burden associated with their children's education, which directly impacts their daily cash flows. In response, JMH has implemented the School Assistance Program. This initiative aims to alleviate, if not entirely eliminate, the financial worries related to educational expenses for our clients' children. Through this program, we strive to provide practical assistance that empowers our clients and enhances their overall well-being. In July 2024, just before the start of School Year 2024, JMH distributed school supplies to qualified beneficiaries. A total of 608 child-beneficiaries received these supplies across JMH operations. This initiative underscores our commitment to supporting our client-members and their families in achieving educational success.

22. PROVISION AND CONTIGENCIES

The Company is not aware of any pending or threatened litigation, claims or assessments or unasserted claims of assessments that are required by *PAS 37 Provisions, Contingent Liabilities and Contingent Assets*, to be accrued or disclosed in the financial statements.

The Company has no outstanding provisions, commitments and contingent liabilities as of December 31, 2024 and 2023.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

23.01 General Risk Management Principles

The Company is exposed to a variety of financial risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk.

The Company's risk management is coordinated with its BOT and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

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

The following table summarizes the carrying amount of financial assets and liabilities recorded by category:

	Notes	2024	2023
Financial assets			
Cash and cash equivalents	6	₱ 103,173,412	₱ 66,350,581
Loans receivable – net	7	475,814,780	401,717,938
Financial assets at FVOCI	10	3,915,907	2,915,907
		₱ 582,904,099	₱ 470,984,426
Financial liabilities			
Microsavings	12	₱ 204,462,246	₱ 165,363,058
Accounts payable and other payables*	13	52,577,424	40,041,432
Loans payable	14	27,846,106	25,348,979
		₱ 284,885,776	₱ 230,753,469

*excluding non-financial liabilities amounting to ₱6,407,727 and ₱6,611,433 as of December 31, 2024 and 2023, respectively, as disclosed in Note 13

23.01.01 Credit Risk

Credit risk is the risk that a counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments arising from granting loans; placing deposits with banks; and investing in bonds.

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of assets, liabilities and fund balance or in the detailed analysis provided in the notes to the financial statements, as summarized below:

	Notes	2024	2023
Financial assets			
Cash and cash equivalents	6	₱ 103,173,412	₱ 66,350,581
Loans receivable*	7	529,854,915	438,557,841
Financial assets at FVOCI	10	3,915,907	2,915,907
		₱ 636,944,234	₱ 507,824,329

*gross of allowance for probable losses amounting to ₱54,040,135 and ₱36,839,903 as of December 31, 2024 and 2023, respectively, as disclosed in Note 7

None of the Company's financial assets are secured by collateral or other credit enhancements, except for cash.

Cash and cash equivalents

The credit risk for cash is considered negligible. Cash in banks are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

Loans receivables

Loans receivables, regardless if the accounts have been fully paid, extended or renewed in subsequent year or period, are subjected to evaluation for possible losses. The Company's estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows, and the passage of time. The assessment of credit risk of a portfolio of assets requires further estimations as to the PDs occurring, which takes into consideration the collateral build-up accumulated by the Company, associated loss ratios, and default correlations between counterparties; accordingly, such credit risk is measured using simplified approach for purposes of measuring ECL.

The risk ratings determined by the Company for its portfolio of loans receivables at a given review date is updated to consider the possible shift in the economy or business environment or circumstances affecting the industry and the entity or borrower, in particular. Accordingly, a periodic assessment of credit quality may improve the borrower's rating, and could lead to one, or more rating downgrades over time. Past due accounts, accounts identified for phase-out and those that exhibit the characteristics of classified loans shall be risk-rated following the guidelines on credit classification per Microfinance NGO Act.

Financial assets at FVOCI

The Company considers its investment in financial assets at FVOCI to have low credit risk when its credit risk rating is equivalent to those rated by external rating agencies as investment grade.

23.01.02 Liquidity Risk

The Company 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 Company maintains cash to meet its liquidity requirements for up to 60-day period. Excess cash are invested in time deposits, mutual funds or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The table below summarizes maturity profile of the Company's financial assets and liabilities as of December 31, 2024 and 2023 based on undiscounted contractual cash flows:

2024	On demand	Due within one year	Due beyond one year	Total
Financial assets				
Cash and cash equivalents	103,173,412	—	—	103,173,412
Loans receivable*	70,800,151	453,256,666	5,798,098	529,854,915
Financial assets at FVOCI	3,915,907	—	—	3,915,907
	177,889,470	453,256,666	5,798,098	636,944,234
Financial liabilities				
Microsavings	100,084,436	104,377,810	—	204,462,246
Accounts payable and other payables**	46,849,840	4,495,267	1,232,317	52,577,424
Loans payable	—	20,674,460	7,171,646	27,846,106
	146,934,276	129,547,537	8,403,963	284,885,776

*gross of allowance for probable losses amounting to ₱54,040,135 as of December 31, 2024, as disclosed in Note 7

**excluding non-financial liabilities amounting to ₱6,407,727 as of December 31, 2024, as disclosed in Note 13

2023	On demand	Due within one year	Due beyond one year	Total
Financial assets				
Cash and cash equivalents	66,350,581	—	—	66,350,581
Loans receivable*	47,870,290	378,590,362	12,097,189	438,557,841
Financial assets at FVOCI	2,915,907	—	—	2,915,907
	117,136,778	378,590,362	12,097,189	507,824,329
Financial liabilities				
Microsavings	77,798,827	87,564,231	—	165,363,058
Accounts payable and other payables**	26,898,324	13,102,329	40,779	40,041,432
Loans payable	—	3,519,500	21,829,479	25,348,979
	104,697,151	104,186,060	21,870,258	230,753,469

*gross of allowance for probable losses amounting to ₱36,839,903 as of December 31, 2023, as disclosed in Note 7

**excluding non-financial liabilities amounting to ₱6,611,433 as of December 31, 2023, as disclosed in Note 13

23.01.03 Market Risk

The Company is exposed to market risk through its use of financial instruments, specifically interest rate risk.

Interest rate risk is the risk to the earning or capital resulting from adverse movements in the interest rates. The Company closely monitors the movements of interest rates in the market and reviews its asset and liability structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The Company follows a prudent policy on managing its assets and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits. The Company's exposure to interest rate risk is considered negligible since its financial assets and financial liabilities have fixed interest rates.

24. FAIR VALUE MEASUREMENT

The fair values of financial assets and financial liabilities measured at amortized cost approximates their carrying values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

24.01 Fair Value Hierarchy

The Company uses the following hierarchy as guide for determining fair value of financial instruments:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchange;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data (observable inputs). This level includes equity investment (if any,) and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The Company has no financial instruments that fall under this category.

As of December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

24.02 Fair Value Determination

Basis or assumptions in determining the fair value of financial instruments are disclosed below:

24.02.01 Cash in Banks

The estimated fair value of fixed interest-bearing deposits is made based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity, which for short-term deposits approximate the nominal value.

24.02.02 Financial Asset at FVOCI

The fair value for financial assets at FVOCI is based on prevailing market prices of investment as reported by the fund manager.

24.02.03 Loans Receivables

Loans and other receivables are net of provisions for credit losses. The estimated fair value of loans and other receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at original rates to determine fair value.

24.02.04 Microsavings

The estimated fair value of microsavings with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

24.02.05 Loans Payable, Accounts Payable and Other Payables

Due to their short duration, the carrying amounts of accounts payable and other payables in the statement of assets, liabilities and fund balance are considered to be reasonable approximations of their fair values.

Loans payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method for those with maturities beyond one year, less settlement payments.

25. CAPITAL MANAGEMENT OBJECTIVE, POLICIES AND PROCEDURES

The BOT has overall responsibility for monitoring of fund balance in proportion to risks. The Company manages its fund structure and makes adjustments to it, in the light of changes in economic conditions.

The Company defines capital as total fund balance. It monitors capital on the basis of debt-to-fund balance ratio, which is calculated as total debt divided by fund balance.

Capital for the reporting period ended December 31, 2024 and 2023 is presented below:

		2024	2023 As restated
Total liabilities	P	300,614,949	P 246,603,353
Total fund balance		329,874,566	256,106,700
	P	0.91:1	P 0.96:1

The Company is not subject to any externally-imposed fund balance requirements and there was no significant change in the Company's approach to fund balance management in 2024 and 2023.

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table shows the reconciliation analysis of liabilities arising from financing activities for the years ended December 31, 2024 and 2023:

	2023	Cash flows	Non-cash changes		2024
			Additions	Adjustments	
Loans payable*	25,348,979	2,497,127	–	–	27,846,106
Lease liability**	1,508,946	(6,717,750)	11,031,730	(95,342)	5,727,584
Total	26,857,925	(4,220,623)	11,031,730	(95,342)	33,573,690

*Amount of cash flows pertains to net of payments amounting to ₱24,534,873 and proceeds amounting to ₱27,032,000.

**Amount of cash flows pertains to payment of principal portion amounting to ₱10,719,634 and interest portion amounting to ₱312,096

	2022	Cash flows	Non-cash changes		2023
			Additions	Adjustments	
Loans payable*	67,559,044	(42,210,065)	–	–	25,348,979
Lease liability**	1,728,385	(1,917,693)	1,698,254	–	1,508,946
Total	69,287,429	(44,127,758)	1,698,254	–	26,857,925

*Amount of cash flows pertains to net of payments amounting to ₱61,249,065 and proceeds amounting to ₱19,039,000

**Amount of cash flows pertains to payment of principal portion amounting to ₱1,830,171 and interest portion amounting to ₱87,522

27. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events after the end of the reporting date were identified in these financial statements that provide evidence of conditions that existed at the reporting date (adjusting events after reporting date), and that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board of Trustees on April 7, 2025.

29. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATIONS NO. 15-2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR No. 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the PFRSs and such other standards and/or conventions.

Below are the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue (BIR) and is not a required part of the basic financial statements.

29.01 Percentage taxes

Percentage taxes paid and accrued for the year consist of:

		2024	2023
Paid	₱	5,248	₱ 5,518
Accrued		4,664	2,310
Percentage taxes	₱	9,912	7,828

29.02 Withholding taxes

Withholding taxes paid and accrued and/or withheld for the year consist of:

2024	Paid	Accrued	Total
Withholding taxes – compensation	₱ 594,003	₱ –	₱ 594,003
Expanded withholding tax	929,569	94,274	1,023,843
	₱ 1,523,572	₱ 94,274	₱ 1,617,846
2023	Paid	Accrued	Total
Withholding taxes – compensation	₱ 325,184	₱ 2,958	₱ 328,142
Expanded withholding tax	668,477	81,700	750,177
	₱ 993,661	₱ 84,658	₱ 1,078,319

29.03 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued for the year is presented under taxes and licenses as part of administrative expense is as follows:

	2024	2023
National tax:		
Documentary stamp tax	₱ 133,014	₱ 109,962
Percentage tax	15,657	7,898
Registration fee	–	22,500
Local tax:		
Business permit	1,022,371	750,657
Real property tax	197,712	197,152
Others	–	193,802
	₱ 1,368,754	₱ 1,281,971

29.04 Tax Assessments

The Company has no outstanding tax assessments as of December 31, 2024 and 2023.

29.05 Tax Cases

The Company has no outstanding tax cases in any other court or bodies outside of the BIR as of December 31, 2024 and 2023.

JMH MICROFINANCE, INC.
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024 AND 2023
In Philippine Peso

	2024	2023
Total audit fees	190,000	170,000
Non-audit service fees:		
Other assurance services	—	—
Tax services	—	—
All other services	10,000	10,000
Total non-audit fees	10,000	10,000
Total audit fees and non-audit fees	200,000	180,000
Audit and non-audit fees of other related entities		
	2024	2023
Total audit fees	—	—
Non-audit service fees:		
Other assurance services	—	—
Tax services	—	—
All other services	—	—
Total audit fees and non-audit fees of other related entities	—	—

The amount disclosed excludes out-of-pocket expenses and VAT.

ANNEX 68-E**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS****JMH MICROFINANCE, INC.**

As of December 31, 2024

Ratio	Formula	Current Year	Prior Year
Current ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	208.81%	220.92%
Acid test ratio	$\frac{\text{Quick Assets}}{\text{Current Liabilities}}$	202.78%	215.84%
Solvency ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	29.81%	35.92%
Debt-to-equity ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	91.13%	96.29%
Asset-to-equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	191.13%	196.29%
Interest rate coverage ratio	$\frac{\text{Earnings before Interest and Taxes}}{\text{Interest Expense}}$	420.47%	577.38%
Return on equity	$\frac{\text{Net Income}}{\text{Average Total Equity}}$	25.18%	36.79%
Return on assets	$\frac{\text{Net Income}}{\text{Average Total Assets}}$	13.02%	16.88%
Net profit margin	$\frac{\text{Net Income}}{\text{Revenue}}$	23.86%	30.66%

SWORN STATEMENT

We, **CHARISMA D. LASCOTA** and **JOSE ROLANDO A. PERLADO JR.**, President and Chief Financial Officer respectively, of **JMH MICROFINANCE, INC.**, with address at **CRH BUILDING, SALUGAN, CAMALIG, ALBAY** hereby depose and state that:

In compliance with SRC Rule 68, as amended, we are stating the following information that related to the preceding calendar year **December 31, 2024**, to wit:

Documents/Schedules to the Audited Financial Statements as of December 31, 2024	NSPO Forms	Check if applicable
1. Affidavit of Willingness to be Audited by the Commission	NSPO Form-2	/
2. Schedule of Receipts or Income or Sources of Funds Other Than Contributions and Donations	NSPO Form-3	/
3. Schedule of Contributions and Donations	NSPO Form-4	
4. Schedule of Application of Funds	NSPO Form-5	
5. Certificate of Existence of Program/Activity (COEP)		
6. COEP issued by Heads/Officers of private institution or actual beneficiaries/recipients of the program/activity shall be allowed in lieu of COEP issued by the government offices/entities		/

We hereby certify that this Sworn Statement with duly attached documents/schedules is executed to attest to the truth of the foregoing and for whatever legal purpose it may serve.

In witness thereof, we have hereunto affixed our signature this **MAY 07 2025** day of **MAY 07 2025**, at **GUINOBATA, ALBAY**, Philippines.

CHARISMA D. LASCOTA
President

JOSE ROLANDO A. PERLADO JR.
Chief Financial Officer

Subscribed and sworn to before me, a Notary Public for and In **GUINOBATA, ALBAY** City, on **MAY 07 2025** affiants personally, exhibiting their respective competent evidence of Identification Card _____ issued (at _____ issued on _____

Doc. No. 524
Page No. 106
Book No. 70
Series of 2025

MARTIN MADRAC, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DECEMBER 31, 2024
PTR NO. 55240001
IBP NO. 4744
ROLE NO. 102.2025
MCLE COMPLIANCE NO. VII-0007421/ APRIL 14, 2025

REPUBLIC OF THE PHILIPPINES)
MUNICIPALITY OF GUINOBATAI) S.S.

AFFIDAVIT OF WILLINGNESS TO BE AUDITED BY THE COMMISSION

I, **CHARISMA D. LASCOTA**, of legal age, Filipino and resident of **Cabagñan, Camalig, Albay**, after having been sworn to in accordance with law hereby depose and state:

I am the **President** of **JMH Microfinance, Inc.**, a non-stock non-profit organization registered with the Securities and Exchange Commission.

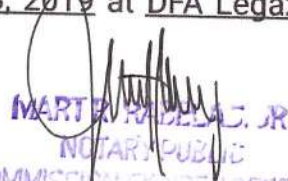
That I, as authorized by the Board of Directors of the corporation, hereby manifest its willingness to be audited by the Commission upon its Order and Authority for the purpose of determining compliance of the corporation with existing laws and regulations.

That this affidavit is executed to attest to the truth of the foregoing and for whatever legal purpose and intent it may serve.

In witness whereof, I hereby sign this affidavit this **MAY 07 2025** day of **MAY** 2025 at **GUINOBATAI, ALBAY**


CHARISMA D. LASCOTA
Affiant

SUBSCRIBED AND SWORN to before me this **MAY 07 2025**, affiant exhibiting to me her **Passport ID** issued on **November 13, 2019** at **DFA Legazpi** as competent evidence of identity.


MARTIN RABALA, JR.
NOTARY PUBLIC

Doc. No. **525**;
Page No. **106**;
Book No. **70**;
Series of 2025.

NOTARIAL COMMISSION EXPIRES DECEMBER 31, 2025
PTR NO. 5524052, ROLL NO. 1007421 / JAN 02, 2025
IBP NO. 401, ROLL NO. 1007421 / JAN 02, 2025
ROLL NO. 1007421 / JAN 02, 2025
MCLE COMPLIANCE NO. VII-0007421 / APRIL 14, 2025

**SCHEDULE OF RECEIPTS OR INCOME OR SOURCES OF FUNDS
OTHER THAN CONTRIBUTIONS AND DONATIONS**

Name of Foundation/Organization JMH MICROFINANCE, INC.	SEC Registration No. CN2004 29482
For the year ended: December 31, 2024	

Receipts Or Income Or Sources Of Funds

(a) No.	(b) Description of Income	(c)Source (BORROWINGS)	(d) Amount	(e) Date Received/ Period Covered
1		Landbank of the Philippines	P 7,000,000.00	April 24, December 20 and 26, 2024
2		Small Business Corporation	P 18,000,000.00	April 22 and October 29, 2024
3		Rizal Commercial Banking Corporation	P 1,000,000.00	March 13, 2024
4		Development Bank of the Philippines	P 1,032,000.00	December 12, 2024
5			P	
6			P	
7			P	
8			P	
9			P	
10	Others (aggregate of all sources of income which are individually below P100,000.00)		P	

(Use separate sheet if necessary)



Republic of the Philippines
SORSOGON STATE UNIVERSITY
Magsaysay Street, Salog (Pob.), Sorsogon City, Sorsogon
Tel. No.: 056 211-0103
Email Address: ssc@sorsu.edu.ph



BAGONG PILIPINAS



CERTIFICATION



To whom it may concern:

This is to certify that **JMH Microfinance, Inc.** has been implementing the **Pag-adal Mo, Sagot Ko Scholarship Program** in Sorsogon State University from January to December 2024.

For the School Year 2024-2025, JMH Microfinance, Inc. sponsored school fees and monthly allowances of twenty (20) scholars.

This certification is issued for whatever purposes it may serve.

Given this 5th day of May, 2025 at Sorsogon State University, Sorsogon City.

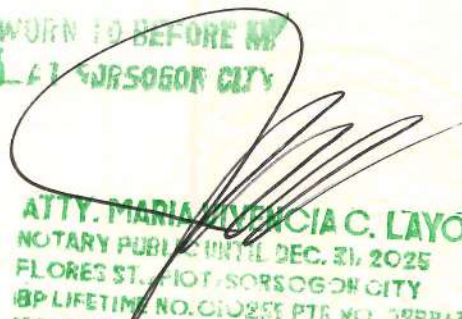

MARINEL D. SORIANO, LPT.

Head, Scholarship and Financial Assistance Services Unit



SUBSCRIBED AND SWORN TO BEFORE ME
MAY 05 2025 AT SORSOGON CITY

JGC NR. 60
PAGE NO. 13
BOOK NO. 467
EDIC NO. 2025


ATTY. MARIA MYENCINA C. LAYOSA
NOTARY PUBLIC UNTIL DEC. 31, 2025
FLORES ST., NOT. SORSOGON CITY
IBP LIFETIME NO. 010251 PTR NO. 729943^o 2025
MCLE NO. VIII-001639 ROLL NO. 48282
NOTARIAL COMMISSION N.C. NO. 2023-367

REPUBLIC OF THE PHILIPPINES)
MUNICIPALITY OF GUINOBATA,) S.S

CERTIFICATION

I, **CHARISMA D. LASCOTA**, of legal age, single, Filipino citizen, with residence address at **Cabagñan, Camalig, Albay**, after having been sworn to in accordance with the law, do hereby depose and state that:

1. I am the duly elected President of **JMH MICROFINANCE, INC.**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at **CRH Building, Salugan, Camalig, Albay**.

2. The MFI has not received any funds from any Philippine government agency or any department, bureau or office of the national government, or any of its branches and instrumentalities, as well as any government-owned or controlled corporation, including its subsidiaries, or other self-governing board or commission of the government, nor received donations/grants/contributions in the amount of at least Five Hundred Thousand Pesos (Php500,000) in one or aggregate transactions per donor/grantor/contributor **for the year ended December 31, 2024**; and

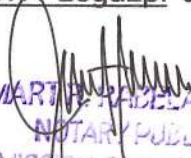
3. To the best of my knowledge, no action or proceeding has been filed or is pending before any Court involving an intra-corporate dispute and/or claim by any person or group against the Foundation, its duly elected Trustees and /or corporate officers.

IN WITNESS WHEREOF, I have hereunto signed this Certification this **MAY 07 2025** day of **GUINOBATA, ALBAY**.


CHARISMA D. LASCOTA
PRESIDENT

SUBSCRIBED AND SWORN to before me this **MAY 07 2025**, affiant exhibiting to me her Passport ID issued on November 13, 2019 at DFA Legazpi as competent evidence of identity.

Doc. No. 1 ;
Page No. 2 ;
Book No. 71 ;
Series of 2025.


MARTIN RADELA, JR.
NOTARY PUBLIC
NOTARIAL COMMISSION EXPIRES DECEMBER 31, 2025
PTR NO. 5524007
IBP NO. 80457723017-2002, 2025
ROLL NO. 52422
MCLE COMPLIANCE NO. VII-0007421/ APRIL 14, 2025