

# Alas Oplas & Co., CPAs

Alas Oplas & Co., CPAs  
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10/F Philippine AXA Life Centre  
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Independent Member of

**B K R** International

## INDEPENDENT AUDITORS' REPORT TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

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To the Members and the Board of Trustees  
**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
*(A Non-Stock Savings and Loan Association)*  
524 EDSA, Cubao, Quezon City

We have examined the financial statements **PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.** (the "Association") for the year ended December 31, 2022 on which we have rendered the attached report dated April 12, 2023.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, officer or any principal member of the Association.

### **ALAS, OPLAS & CO., CPAs**

BOA Registration No. 0190, valid from October 31, 2022, to February 18, 2025  
BIR A.N. 08-001026-000-2021, issued on January 11, 2021; effective until January 10, 2024  
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

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. 9565190, issued on January 3, 2023, Makati City

April 12, 2023  
Makati City, Philippines

# Alas Oplas & Co., CPAs

## INDEPENDENT AUDITORS' REPORT

Alas Oplas & Co., CPAs  
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**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
*(A Non-Stock Savings and Loan Association)*  
524 EDSA, Cubao, Quezon City

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**BKR International**

### Opinion

We have audited the financial statements of **PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.** (the "Association") which comprise the statements of financial position as of December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in members' equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

### 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 Association 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 Philippine Financial Reporting 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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 Bangko Sentral ng Pilipinas (BSP) Circular No. 1075 and 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 BSP Circular No. 1075 in Note 33, and Revenue Regulations Nos. 15-2010 on taxes, duties and license fees paid or accrued during the taxable year in Note 32 to the financial statements, are presented for purposes of filing with the BSP and 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 **PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, 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**

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TIN 002-013-406-000

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**RYAN A. SABUG**

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April 12, 2023  
Makati City, Philippines



**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**  
**In Philippine Peso**

	Notes	2022	2021
<b>ASSETS</b>			
Cash	8	5,716,201,596	5,064,439,108
Financial assets at fair value through other comprehensive income (FVOCI)	9	138,471,837	141,946,301
Investment securities at amortized cost	10	1,334,641,167	1,033,908,902
Loans and other receivables – net	11	62,965,106,741	56,648,749,561
Property and equipment – net	12	2,658,102,558	2,275,686,077
Intangible assets – net	13	420,681,420	456,851,701
Other assets	14	2,504,430,616	1,794,645,417
<b>TOTAL ASSETS</b>		<b>75,737,635,935</b>	<b>67,416,227,067</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposit liabilities	15	17,709,707,012	15,568,948,612
Borrowings	16	1,500,000,000	2,800,000,000
Dividends payable	25	5,675,430,154	5,032,749,354
Income tax payable		4,494,444	8,683,732
Other liabilities	17	1,087,134,654	712,799,558
<b>Total Liabilities</b>		<b>25,976,766,264</b>	<b>24,123,181,256</b>
<b>MEMBERS' EQUITY</b>			
Capital contribution	23	34,235,378,185	30,537,972,776
Surplus reserves	24	1,835,926,433	1,622,334,932
Surplus free	25	13,619,591,332	11,059,229,612
Other comprehensive income			
Unrealized fair value gain on financial assets at FVOCI	9	41,365,797	44,840,261
Actuarial gain on defined benefit plan	20	28,607,924	28,668,230
<b>Total Members' Equity</b>		<b>49,760,869,671</b>	<b>43,293,045,811</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>75,737,635,935</b>	<b>67,416,227,067</b>

See Notes to Financial Statements.

**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**In Philippine Peso**

	Notes	2022	2021
<b>INTEREST INCOME</b>			
Loans and other receivables	11	10,829,401,708	8,721,135,452
Investment securities at amortized cost	10	60,529,745	67,126,899
Cash and cash equivalents	8	27,654,491	3,648,288
		<b>10,917,585,944</b>	<b>8,791,910,639</b>
<b>INTEREST EXPENSE</b>			
Deposit liabilities	15	(856,133,419)	(843,842,759)
Borrowings	16	(10,979,028)	(99,925,768)
Lease liability	17	(1,459,950)	(2,981,205)
		<b>10,049,013,547</b>	<b>7,845,160,907</b>
<b>NET INTEREST INCOME</b>		<b>10,049,013,547</b>	<b>7,845,160,907</b>
<b>PROVISION FOR CREDIT LOSSES</b>	26	<b>(689,353,707)</b>	<b>(411,026,824)</b>
<b>NET INTEREST INCOME AFTER PROVISION</b>		<b>9,359,659,840</b>	<b>7,434,134,083</b>
<b>OTHER INCOME</b>			
Service charges, fees and commission	11	186,498,099	126,281,515
Other income	21	558,913,112	308,104,751
		<b>745,411,211</b>	<b>434,386,266</b>
<b>OPERATING EXPENSES</b>	19	<b>(1,633,418,891)</b>	<b>(1,343,084,591)</b>
<b>INCOME BEFORE TAX</b>		<b>8,471,652,160</b>	<b>6,525,435,758</b>
Income tax expense	22	(24,976,357)	(21,856,662)
<b>INCOME FOR THE YEAR</b>		<b>8,446,675,803</b>	<b>6,503,579,096</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will be reclassified to profit or loss:			
Unrealized fair value loss on financial asset at FVOCI	9	(3,474,464)	(302,740)
Items that will not be reclassified to profit or loss:			
Actuarial gain (loss) on defined benefit plan	20	(60,306)	4,706,711
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>8,443,141,033</b>	<b>6,507,983,067</b>

See Notes to Financial Statements.

**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**In Philippine Peso**

	Capital contribution (Note 23)	Surplus reserves (Note 24)	Surplus free (Note 25)	Other comprehensive income	Total members' equity
<b>Balance at December 31, 2020, as restated</b>	<b>30,467,269,542</b>	<b>1,600,106,719</b>	<b>9,560,461,303</b>	<b>69,104,520</b>	<b>41,696,942,084</b>
Transaction with members:					
Additional contributions	10,273,797,806	-	-	-	10,273,797,806
Withdrawal of contributions	(10,203,094,572)	-	-	-	(10,203,094,572)
Appropriation	-	453,847,246	(453,847,246)	-	-
Utilization of appropriation	-	(431,619,033)	431,619,033	-	-
Dividend declaration	-	-	(5,032,749,354)	-	(5,032,749,354)
Adjustments/others	-	-	50,166,780	-	50,166,780
<b>Total transaction with members</b>	<b>70,703,234</b>	<b>22,228,213</b>	<b>(5,004,810,787)</b>	<b>-</b>	<b>(4,911,879,340)</b>
Other comprehensive income:					
Unrealized fair value gain on financial assets at FVOCI	-	-	-	(302,740)	(302,740)
Actuarial loss on defined benefit plan	-	-	-	4,706,711	4,706,711
Income for the year	-	-	6,503,579,096	-	6,503,579,096
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>6,503,579,096</b>	<b>4,403,971</b>	<b>6,507,983,067</b>
<b>Balance at December 31, 2021</b>	<b>30,637,972,776</b>	<b>1,622,334,932</b>	<b>11,059,229,612</b>	<b>73,508,491</b>	<b>43,293,045,811</b>
Transaction with members:					
Additional contributions	11,006,970,137	-	-	-	11,006,970,137
Withdrawal of contributions	(7,309,564,728)	-	-	-	(7,309,564,728)
Appropriation	-	802,493,907	(802,493,907)	-	-
Utilization of appropriation	-	(588,902,406)	588,902,406	-	-
Dividend declaration	-	-	(5,672,928,022)	-	(5,672,928,022)
Adjustments/others	-	-	205,440	-	205,440
<b>Total transaction with members</b>	<b>3,697,405,409</b>	<b>213,591,501</b>	<b>(5,886,314,083)</b>	<b>-</b>	<b>(1,975,317,173)</b>
Other comprehensive income:					
Unrealized fair value gain on financial assets at FVOCI	-	-	-	(3,474,464)	(3,474,464)
Actuarial loss on defined benefit plan	-	-	-	(60,306)	(60,306)
Income for the year	-	-	8,446,675,803	-	8,446,675,803
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>8,446,675,803</b>	<b>(3,534,770)</b>	<b>8,443,141,033</b>
<b>Balance at December 31, 2022</b>	<b>34,235,378,185</b>	<b>1,835,926,433</b>	<b>13,619,591,332</b>	<b>69,973,721</b>	<b>49,760,869,671</b>

See Notes to Financial Statements.

**PUBLIC SAFETY SAVINGS AND LOAN ASSOCIATION, INC.**  
**(A Non-Stock Savings and Loan Association)**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**  
**In Philippine Peso**

	Notes	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before tax		8,471,652,160	6,525,435,758
Adjustments for:			
Provisions for credit losses	26	689,353,707	411,026,824
Depreciation	12,19	153,821,253	122,531,824
Interest income	8,10	(88,184,236)	(70,775,187)
Amortization	13,19	47,532,787	22,567,974
Interest expense on bills payable	16	10,979,028	99,925,768
Retirement benefit expense	20	4,849,527	5,245,713
Interest expense on lease liability	17	1,459,950	2,981,205
Gain on sale of property and equipment	12,21	(338,493)	(470,693)
Gain on lease pre-termination	12,21	(21,188)	(35,621)
Written-off intangible assets	13	-	2,379,796
Loss on retirement of furniture, fixtures and equipment	12	-	56,382
Gain on rent concession	17,21	-	(30,000)
Operating cash flows before working capital changes		9,291,104,495	7,120,839,743
Changes in operating assets and liabilities:			
Increase in:			
Loans and other receivables		(7,000,987,243)	(5,211,840,392)
Other assets		(708,489,593)	(9,019,552)
Increase in:			
Deposit liabilities		2,140,758,400	2,119,070,430
Other liabilities		418,815,218	215,339,396
Cash generated from operating activities		4,141,201,277	4,234,389,625
Interest received		82,728,329	73,622,944
Income tax paid		(29,165,646)	(24,693,046)
Interest paid		(17,450,556)	(108,740,152)
Contributions to the retirement fund	20	(6,000,000)	(6,000,000)
Net cash generated from operating activities		4,171,313,404	4,168,579,371
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisitions of property and equipment	12	(381,644,339)	(240,968,949)
Acquisition of investment securities at amortized cost	10	(300,000,000)	
Acquisition of intangible assets	13	(166,239,015)	(134,395,608)
Proceeds from sale of property and equipment	12	1,360,306	470,704
Proceeds from redemption of investment securities at amortized cost	10	-	508,210,000
Proceeds from refund of excess payment on land	12	-	205,140
Net cash generated from (used in) investing activities		(846,523,048)	133,521,287
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Additional capital contributions	23	11,006,970,137	10,273,797,806
Withdrawal of capital contributions	23	(7,309,564,728)	(10,203,094,572)
Dividends paid	25	(5,030,247,222)	(3,775,587,089)
Payments of borrowings	16	(3,000,000,000)	(6,865,454,546)
Proceeds from availment of borrowings	16	1,700,000,000	8,000,000,000
Payments of lease liabilities	17	(40,186,056)	(40,666,713)
Net cash used in financing activities		(2,673,027,869)	(2,611,005,114)
<b>NET INCREASE IN CASH</b>		<b>651,762,487</b>	<b>1,691,095,544</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>5,064,439,109</b>	<b>3,373,343,564</b>
<b>CASH AT END OF YEAR</b>	<b>8</b>	<b>5,716,201,596</b>	<b>5,064,439,108</b>

See Notes to Financial Statements.