

**GOVERNMENT SERVICE INSURANCE SYSTEM**  
**SOCIAL INSURANCE FUND**  
**STATEMENT OF NET ASSETS**  
**December 31, 2009**  
(In Philippine Peso)

|  | Note | 2009                   | 2008<br>As Restated    |
|--|------|------------------------|------------------------|
| <b>ASSETS</b>  |      |                        |                        |
| Cash and cash equivalents  | 5    | 30,711,447,304         | 45,154,181,965         |
| Receivables  | 6    | 45,822,389,982         | 47,159,415,951         |
| Investments  | 7    | 447,559,121,291        | 388,485,323,646        |
| Property and equipment - net   | 8    | 4,237,659,463          | 3,707,522,960          |
| Other assets   | 9    | 195,838,027            | 64,113,920             |
| <b>TOTAL ASSETS</b>  |      | <b>528,526,456,067</b> | <b>484,570,558,442</b> |
| <b>LIABILITIES</b>   |      |                        |                        |
| Social insurance claims payable                                      | 10   | 4,605,788,752          | 8,826,451,911          |
| Deferred credits   | 11   | 4,741,292,871          | 7,623,187,613          |
| Other liabilities  | 12   | 6,524,317,376          | 5,496,355,263          |
| Minority interest in the net assets of the consolidated subsidiaries | 13   | 1,407,810,369          | 1,122,889,881          |
| <b>TOTAL LIABILITIES</b>   |      | <b>17,279,209,368</b>  | <b>23,068,884,668</b>  |
| <b>NET ASSETS HELD IN TRUST FOR SOCIAL INSURANCE BENEFITS</b>        |      |                        |                        |
|  |      | <b>511,247,246,699</b> | <b>461,501,673,774</b> |
| <b>RESERVES</b>  |      |                        |                        |
|  | 14   |                        |                        |
| Old age benefits   |      | 351,893,893,736        | 318,929,470,318        |
| Survivorship benefits  |      | 64,426,068,155         | 59,881,700,423         |
| Policies in force  |      | 56,256,959,023         | 43,388,619,424         |
| Disability benefits  |      | 12,015,880,621         | 10,918,356,716         |
| Burial benefits  |      | 2,982,531,170          | 2,568,096,718          |
| Contingencies  |      | 23,671,913,994         | 25,815,430,175         |
| <b>TOTAL RESERVES</b>  |      | <b>511,247,246,699</b> | <b>461,501,673,774</b> |

The notes on pages 8 to 34 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM  
SOCIAL INSURANCE FUND  
STATEMENT OF CHANGES IN NET ASSETS  
December 31, 2009  
(In Philippine Peso)**

|   | Note | 2009                   | 2008<br>As Restated     |
|---|------|------------------------|-------------------------|
| <b>ADDITIONS</b>  |      |                        |                         |
| Contributions   |      | 49,013,157,211         | 44,047,930,555          |
| Loans and investment revenue - net  | 15   | 38,574,971,363         | 41,812,395,040          |
| Other revenue   | 16   | 1,116,145,035          | 2,676,598,608           |
|   |      | <b>88,704,273,609</b>  | <b>88,536,924,203</b>   |
| <b>DEDUCTIONS</b>   |      |                        |                         |
| Claims and benefits paid  |      | 38,287,891,332         | 36,932,459,094          |
| Personal services   | 17   | 3,414,951,373          | 3,187,545,923           |
| Operating expenses  | 18   | 1,938,829,552          | 3,318,991,099           |
| Minority share in the net income/(loss) of the consolidated subsidiaries                    | 19   | 386,888,756            | (545,322,459)           |
|   |      | <b>44,028,561,013</b>  | <b>42,893,673,657</b>   |
| <b>RESULTS OF OPERATIONS</b>  |      | <b>44,675,712,596</b>  | <b>45,643,250,546</b>   |
| <b>OTHER ADDITIONS/(DEDUCTIONS)</b>   | 20   | <b>5,069,860,329</b>   | <b>(12,600,492,526)</b> |
| <b>INCREASE IN NET ASSETS</b>   |      | <b>49,745,572,925</b>  | <b>33,042,758,020</b>   |
| <b>NET ASSETS HELD IN TRUST<br/>FOR SOCIAL INSURANCE BENEFITS<br/>BEGINNING OF THE YEAR</b> |      | <b>461,501,673,774</b> | <b>428,458,915,754</b>  |
| <b>ENDING BALANCE</b>   |      | <b>511,247,246,699</b> | <b>461,501,673,774</b>  |

The notes on pages 8 to 34 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM**  
**SOCIAL INSURANCE FUND**  
**STATEMENT OF CHANGES IN NET WORTH**  
**For the Year Ended December 31, 2009**  
(In Philippine Peso)

|   | Note | 2009                   | 2008<br>As Restated    |
|---|------|------------------------|------------------------|
| <b>RESERVES</b>   |      |                        |                        |
| Reserves, beginning   | 14   | 437,386,910,952        | 399,550,164,277        |
| Current revenue appropriated to reserves  |      | 53,010,003,260         | 37,836,746,675         |
| <b>Actuarial reserves requirements</b>  | 14   | <b>490,396,914,212</b> | <b>437,386,910,952</b> |
| <b>SURPLUS</b>  |      |                        |                        |
| Unassigned surplus, beginning   |      | 23,976,790,694         | 28,741,074,935         |
| <u>Changes during the year</u>  |      |                        |                        |
| Unrealized gain (loss) - stocks available for sale                                  |      |                        |                        |
| Beginning of year   |      | 4,793,526,842          | (8,686,394,026)        |
| End of year   |      | 710,311,612            | (4,793,526,842)        |
| Non-admitted assets   | 20   |                        | -                      |
| Beginning of year   |      | 1,123,273,519          | 2,126,768,008          |
| End of year   |      | (1,662,137,397)        | (1,123,273,519)        |
| Net revenue   |      | 44,675,712,596         | 45,643,250,546         |
| Appropriated to reserves  |      | (53,010,003,260)       | (37,836,746,675)       |
| Adjustment on beginning surplus of subsidiaries                                     |      | (334,311,915)          | -                      |
| Proceeds (payment) from issuances (redeemed) Capital Stocks                         |      | 160,527,264            | (160,527,264)          |
| Minority interest in the net changes in the equity of the consolidated subsidiaries | 20   | 101,968,268            | 66,165,531             |
| Unassigned surplus, end   |      | 20,535,658,223         | 23,976,790,694         |
| Appraisal surplus, beginning  |      | 73,005,519             | 72,994,538             |
| Changes during the year   |      | 176,702,116            | 10,981                 |
| Appraisal surplus, end  |      | 249,707,635            | 73,005,519             |
| Contingent surplus, beginning   |      | 53,289,367             | 82,371,917             |
| Changes during the year   |      | -                      | (29,082,550)           |
| Contingent surplus, end   |      | 53,289,367             | 53,289,367             |
| Donation surplus, beginning   |      | 11,677,242             | 11,677,212             |
| Changes during the year   | 20   | 30                     | 30                     |
| Donation surplus, end   |      | 11,677,262             | 11,677,242             |
| <b>Surplus appropriated to additional reserves for contingencies</b>                | 14   | <b>20,850,332,487</b>  | <b>24,114,762,822</b>  |
| <b>RESERVES</b>   |      | <b>511,247,246,699</b> | <b>461,501,673,774</b> |

The notes on pages 8 to 34 form part of these financial statements.

**GOVERNMENT SERVICE INSURANCE SYSTEM**  
**SOCIAL INSURANCE FUND**  
**CASH FLOW STATEMENT**  
**For the Year Ended December 31, 2009**  
(In Philippine Peso)

|  | Note | 2009             | 2008             |
|--|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |      |                  |                  |
| Receipt of contributions/premiums                            |      | 48,128,501,802   | 43,438,205,806   |
| Revenue from investments                                     | 15   | 14,554,123,488   | 16,716,306,927   |
| Revenue from loans   | 15   | 6,459,300,615    | 936,310,456      |
| Other miscellaneous revenue                                  | 16   | 2,058,662,728    | 710,371,763      |
| Receipt/payment of liabilities                               |      | 1,223,876,052    | 3,111,154,723    |
| Administration fee   | 16   | 373,856,104      | 979,166,878      |
| Marketing commission   | 16   | 317,681,718      | 1,098,675,080    |
| Receipts from other receivable-agencies with MOA             |      | 289,130,617      | 658,511,053      |
| Management fee   | 16   | 177,513,454      | 182,941,745      |
| Revenue from investment property                             | 15   | 95,073,519       | 151,600,731      |
| Receipts from accounts receivable                            |      | 43,021,612       | 84,207,880       |
| Payment of miscellaneous expenses                            |      | (140,573,976)    | (134,952,891)    |
| Funds held from contractors/bidders                          |      | (389,359,349)    | 35,312,580       |
| Administrative and operating expenses                        |      | (4,824,178,738)  | (6,503,725,499)  |
| Payment of claims and benefits                               |      | (40,957,624,891) | (31,509,539,258) |
| Net cash flow from subsidiaries                              |      | (81,188,283)     | (119,534,277)    |
| Net cash provided by operating activities                    |      | 27,327,816,472   | 29,835,013,697   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |      |                  |                  |
| <b>Receipt on loan repayments</b>                            |      |                  |                  |
| Consolidated loans   |      | 30,959,185,715   | 26,814,735,456   |
| Salary loans   |      | 6,932,680,172    | 11,461,410,083   |
| Policy loans   |      | 3,689,244,169    | 3,079,553,104    |
| eCard plus cash advances                                     |      | 2,320,708,436    | 2,606,491,813    |
| Summer one-month salary loans                                |      | 1,656,584,434    | 1,216,271,073    |
| Emergency loans  |      | 1,216,590,050    | 784,803,749      |
| Private loans  |      | 1,161,967,459    | 319,383,423      |
| Pension loans  |      | 911,841,371      | 1,476,580,885    |
| Real estate loans  |      | 645,400,852      | 1,170,013,584    |
| eCard cash advance loans                                     |      | 616,154,338      | 606,305,291      |
| Deeds of conditional sale                                    |      | 356,144,511      | 704,180,743      |
| Emergency loan assistance                                    |      | 312,335,656      | 382,153,397      |
| Government guaranteed loans                                  |      | 54,226,003       | 292,639,520      |
| Other loans  |      | 6,306,533        | 3,935,690        |
|  |      | 50,839,369,699   | 50,918,457,811   |
| <b>Proceeds from sale/redemption/maturity of investments</b> |      |                  |                  |
| Proceeds from other investments                              |      | 207,826,989,827  | 57,358,722,604   |
| Proceeds from matured ROP bills                              |      | 23,346,846,098   | 21,719,399,418   |
| Redemption of notes and bonds                                |      | 8,083,932,096    | 62,163,011,609   |
| Proceeds from sale of stocks                                 |      | 2,677,145,554    | 7,577,631,875    |
| Proceeds from asset participation certificates               |      | 181,257,354      | -                |
| Proceeds from sale of acquired assets                        |      | 25,291,192       | 82,881,958       |
| Proceeds from notes receivables                              |      | -                | 11,516,989,448   |
|  |      | 242,141,462,121  | 160,418,636,912  |

|   | Note | 2009                    | 2008                  |
|---|------|-------------------------|-----------------------|
| <b>Loan granting</b>                                    |      |                         |                       |
| Consolidated loans (Conso-loan)                         |      | 43,737,702,959          | 35,416,154,568        |
| Emergency loans   |      | 4,898,337,767           | 1,610,382,020         |
| Policy loans  |      | 2,481,441,833           | 1,551,168,918         |
| Pension loans   |      | 1,246,923,783           | 1,322,325,303         |
| eCard plus cash advance                                 |      | 560,370,000             | 1,408,275,868         |
| Salary loans  |      | 35,077,531              | 48,078                |
| Emergency loan assistance                               |      | 3,400                   | 1,281,160             |
| Summer one-month salary loans                           |      | 950                     | -                     |
| eCard cash advance loans                                |      | -                       | 5,760                 |
| Real estate loans                                       |      | -                       | 105,005,259           |
| Deeds of conditional sale                               |      | -                       | 4,354,898             |
| Other loans   |      | -                       | 39,052                |
|   |      | (52,959,858,223)        | (41,419,040,884)      |
| <b>Investments placements</b>                           |      |                         |                       |
| ROP notes and bonds                                     |      | 58,201,257,352          | 75,104,443,209        |
| Stocks  |      | 12,247,678,618          | 31,598,470,635        |
| ROP bills   |      | 9,353,396,945           | 24,700,707,389        |
| Capital expenditures                                    |      | 82,867,574              | 529,865,535           |
| Externally managed fund                                 |      | -                       | 27,539,172,725        |
| Purchase of information technology resources            |      | -                       | 111,314,007           |
| Purchase of paintings                                   |      | -                       | 1,976,400             |
| Other investments                                       |      | 201,906,324,241         | 5,340,338,453         |
|   |      | (281,791,524,730)       | (164,926,288,353)     |
| Net cash (used in)/provided by investing activities     |      | (41,770,551,133)        | 4,991,765,486         |
| <b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b> |      | <b>(14,442,734,661)</b> | <b>34,826,779,183</b> |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING</b>             |      | <b>45,154,181,965</b>   | <b>10,327,402,782</b> |
| <b>CASH AND CASH EQUIVALENTS, END</b>                   | 5    | <b>30,711,447,304</b>   | <b>45,154,181,965</b> |

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