



Information Statement

1 message

Philippine Stock Exchange <no-reply@pse.com.ph>

Mon, May 22, 2023 at 8:19 AM

To: xxx

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: National Reinsurance Corporation of the Philippines

Reference Number: 0018176-2023

Date and Time: Monday, May 22, 2023 08:19 AM

Template Name: Information Statement

Report Number: CR03674-2023

Best Regards,
PSE EDGE

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COVER SHEET

SEC Registration Number

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

(Company's Full Name)

31F BPI - PHILAM LIFE MAKATI
6811 AYALA AVENUE, MAKATI CITY

(Business Address: No., Street City / Town / Province)

Atty. Noel A. Laman
Atty. Ma. Pilar Pilares-Gutierrez
Contact Person

8817-6791 to 95
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 20-IS
Definitive Information Statement
FORM TYPE

0 7 0 5
Month Day
Annual Meeting

Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Corporation as specified in its charter:

National Reinsurance Corporation of the Philippines, doing business under the names and styles of Nat Re; Philippine National Reinsurance Company; PhilNaRe

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **80118**

5. BIR Tax Identification Code: **000-480-869**

6. Address of principal office Postal Code: **31st Floor BPI-Philam Life Makati
6811 Ayala Avenue, Makati City
1227 Philippines**

7. Corporation's telephone number, including area code: **(632) 8988-7400**

8. Date, time and place of the meeting of security holders ([Nat Re ASM Webpage](#)):
**July 5, 2023
Wednesday, 2:30 P.M.
Carlos P. Romulo Auditorium
Podium 4, Tower II, RCBC Plaza
6819 Ayala Avenue, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders:
June 7, 2023

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **The Management of the Corporation**

Address and Telephone No.: **31st Floor, BPI-Philam Life Makati
6811 Ayala Avenue, Makati City
1227 Philippines
Telephone number: (632)-8988-7400**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	2,123,605,600	Php2,123,605,600.00
TOTAL	2,123,605,600	Php2,123,605,600.00

12. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

Yes (√)

No ()

SECRETARY'S CERTIFICATE

I, **NOEL A. LAMAN**, of legal age, Filipino, with office address at The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, Metro Manila, after having been sworn in accordance with law hereby depose and state that:

1. I am the Corporate Secretary of **National Reinsurance Corporation of the Philippines**, doing business under the names and styles of Nat Re, Philippine National Reinsurance Company, and PhilNaRe, a corporation duly organized and existing under the laws of the Philippines, with principal office at the 31st Floor, BPI-Philam Life Makati (formerly: Ayala Life-FGU Center), 6811 Ayala Avenue, Makati City;
2. During the regular meeting of the Board of Directors of the Corporation held on **March 30, 2023**, *via remote communication*, wherein a quorum was present and acting throughout, the following resolutions were unanimously approved:

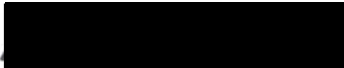
Board Resolution No. 2023-03-19
Re-Scheduling of 2023 ASM

“RESOLVED, that the Board of Directors of **National Reinsurance Corporation of the Philippines** (the “Corporation”) approve, as it hereby approves the **rescheduling** of the 2023 Annual Stockholders’ Meeting (the “Meeting”) from June 28, 2023 at 9:30 a.m. to **July 5, 2023 at 2:30 p.m.** at the Carlos Romulo P. Auditorium, RCBC Plaza, Sen. Gil Puyat Avenue, Makati City, due to the possibility that the Philippine Government will declare June 28, 2023 a holiday in view of Eid al-Adha;

RESOLVED, FURTHER, to approve that the record date for the July 5, 2023 ASM shall be on May 22, 2023;

RESOLVED, FINALLY, to authorize the management and proper officers of the Corporation to do such acts and execute all documents which may be required and to cause the filing of the required reports to the Securities and Exchange Commission in relation to the holding of the Corporation’s 2023 Annual Stockholders’ Meeting.”

IN WITNESS WHEREOF, I hereunto affixed my signature this MAY 10 2023, at Makati City, Metro Manila.



NOEL A. LAMAN
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this MAY 10 2023, by the affiant, whose identity I have confirmed through his Passport No. [REDACTED] issued at [REDACTED] on 7 Feb 2019, bearing affiant’s photograph and signature.

Doc. No. 427
Page No. 87
Book No. 11
Series of 2023.



RUDOLF CONRAD G. DE LUNA
Appointment No. M-177
Notary Public for Makati City
Until December 31, 2023
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563748; 01-03-2023; Makati City
IBP No. 260310; 01-03-2023; RSM Chapter
MCLE No. VII-0020558; valid from 06-03-2022;
valid until 4-14-2025; Pasig City
Roll No. 74888



NATIONAL
REINSURANCE
CORPORATION
OF THE PHILIPPINES

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
JULY 5, 2023 / 2:30 P.M.**

DEAR STOCKHOLDERS:

Please be advised that the Annual Meeting of Stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “**Company**”) will be held on July 5, 2023, Wednesday, at 2:30 p.m., at the Carlos P. Romulo Auditorium, Podium 4, Tower II, RCBC Plaza, 6819 Ayala Avenue, Makati City, with the following agenda:

1. Call to Order
2. Proof of Notice of Meeting and Certification of Quorum
3. Approval of Minutes of Previous Stockholders’ Meeting held on June 30, 2022
4. Management Report for the Year Ended December 31, 2022
5. Ratification of All Acts of the Board of Directors and Officers during the Preceding Year
6. Appointment of Independent Auditors
7. Election of Directors
8. Re-election of Mr. Medel T. Nera as Independent Director
9. Other Matters
10. Adjournment

A brief explanation of each item in the agenda is hereto attached as **Annex “A”** for your reference and guidance.

Only stockholders of record at the close of business on May 22, 2023 are entitled to notice of, to attend, and to participate in this year’s Annual Meeting. Stockholders who are unable to attend the Annual Meeting in person may execute a proxy or vote in absentia. Proxies must be submitted and addressed to the attention of the Corporate Secretary at 31st Floor BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City, Philippines or via email at asm@nat-re.com not later than 3:00 p.m. on or before June 23, 2023. Voting in absentia is thru the online voting facility, the respective link will be emailed after validating the submitted requirements at asm@nat-re.com. Please refer to this link for the list of requirements - <https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#rvj>. Deadline of casting of votes in absentia is from June 7, 2023 until 12:00 p.m. of July 5, 2023.

A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary’s Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy. Attached as **Annex “B”** is a sample board resolution to designate a proxy for the annual stockholders’ meeting. Validation of proxies shall be held on June 30, 2023, at 2:00 p.m. at the principal office of the Corporation.

To avoid any inconvenience in registering your attendance at the meeting, you or your duly designated proxy, are required to bring this Notice, and any identification documents containing a photograph and signature, such as a passport, driver’s license, or any government-issued identification. Registration starts at exactly 1:30 p.m. and will close at 2:30 p.m.

Copies of the Notice of the Meeting, Definitive Information Statement, and other related documents in connection with the annual meeting may be accessed through the company’s website and through the PSE Edge portal at <https://edge.pse.com.ph>.

For any concerns, please reach us through asm@nat-re.com.

For complete information on the Company’s annual meeting, please visit www.nat-re.com/investor-relations/annual-stockholders-meeting.

May 19, 2023, Makati City, Metro Manila.

Access to Notice of Meeting, Agenda Items and Explanation of Agenda Items, Proxy Form, Sample Secretary Certificate, Definitive Information Statement, Management Report, Financial Statements, SEC Form 17A and Minutes of Stockholders’ Meeting dated June 30, 2022 can be downloaded by scanning the QR code provided herewith.

Likewise, you may also download it from the Company’s website by clicking this link <https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#files>.

Electronic copies of the same documents are also available at the PSE Edge.

For the Board of Directors,

(Original Signed)
Noel A. Laman
Corporate Secretary



EXPLANATION OF AGENDA ITEMS**1. Call to Order**

The Chairman will welcome the stockholders and guests and formally begin the 2023 Annual Stockholders' Meeting of National Reinsurance Corporation of the Philippines.

2. Report on Attendance and Quorum

The Corporate Secretary will certify that the Notice of Meeting was sent to all stockholders of record as of May 22, 2023, including the date of publication and the newspapers where the notice was published, and to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), in accordance with rules and regulations of the SEC and the PSE.

He will further certify on the existence of a quorum. The stockholders present, in person or by proxy, representing a majority of the outstanding capital stock shall constitute a quorum for the transaction of business.

3. Approval of Minutes of Previous Stockholders' Meeting

Stockholders will be requested to approve the minutes of the Stockholder's Meeting held on June 30, 2022 which contain, among others: (a) report of the President and CEO, (b) ratification of the acts of the board of directors/officers, (c) appointment of the independent auditors, (d) amendment of the secondary purpose clause (Article II) of the Amended Articles of Incorporation, (e) increase in Directors' per diem for attendance in committee meetings, (f) election of directors, and (g) re-election of Mr. Medel T. Nera as independent director.

The minutes of the meeting are posted at the Corporation's website, visit www.nat-re.com/investor-relations/annual-stockholders-meeting and we request our stockholders to refer to it for good order.

4. Management Report for the Year Ended December 31, 2022

The President will report to the stockholders the result of the Company's performance for the year ending December 2022.

5. Ratification of All Acts of the Board of Directors and Officers During the Preceding Year

The Stockholders will be requested to approve all acts, decisions, and resolutions of the Board of Directors, and Officers of National Reinsurance Corporation of the Philippines made or undertaken in the year 2022 and until the date of the Stockholders' Meeting on July 5, 2023, as these are recorded in the books and records of the Corporation. A description of the resolutions passed by the Board of Directors from the previous stockholders' meeting to date is provided in the Definitive Information Statement.

6. Appointment of Independent Auditors

The stockholders will be requested to approve, ratify and confirm the appointment of R.G. Manabat & Co., KPMG Philippines as the Independent Auditors of the Company for the audit period covering the year 2023.

7. Election of Directors, including the Independent Directors

The Chairman will present to the stockholders the nominees for election as members of the Board of Directors, including the Independent Directors. The list of nominees with their profiles are included in the Definitive Information Statement which can be accessed through the company's website or through this link www.nat-re.com/investor-relations/annual-stockholders-meeting.

8. Re-election of Mr. Medel T. Nera as Independent Director

Mr. Nera has been an Independent Director of Nat Re since 2011. As such, he has gained a comprehensive understanding of the specialized business of a professional reinsurance company and has been providing meaningful insights and perspectives which are very helpful during the board and committee meetings. He actively Chairs the Audit Committee and likewise participates actively in committee meetings where he is a member, and these include the Risk Oversight, the Governance & Related Party Transaction, and the Investment & Budget Committees. The Audit Committee which he chairs consistently obtained an excellent performance rating mainly because the Committee provides valuable insights and direction to Management and exercises effective oversight over the Company's financial reporting, internal and external audit.

The Management of Nat Re strongly believes that retaining Mr. Nera in the company's board will be very beneficial to the continuing growth and strategic direction of the company. His business experience, knowledge and wisdom will be most valuable in the successful governance of this company.

9. Other Matters

The Chairman will open the floor for comments or queries by the stockholders. Stockholders may raise matters which may be properly taken up during the 2023 Annual Stockholders' Meeting.

10. Adjournment

After consideration of all business, the Chairman shall declare the meeting adjourned. This formally ends the 2023 Annual Meeting of Stockholders of the National Reinsurance Corporation of the Philippines.

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

SECRETARY’S CERTIFICATE

I, [Name of Corporate Secretary], of legal age, Filipino, with office address at [Address of Corporate Secretary], after having been sworn in accordance with law hereby depose and state that:

1. I am the Corporate Secretary of [name of corporate stockholder of NRCP] (the “Corporation”), with offices at _____;
2. In a meeting of the Board of Directors of the Corporation held at its office on _____, the following resolution was approved:

“RESOLVED, That the Board of Directors of the Corporation authorize, as it hereby authorizes the following officers of the Corporation, to designate the proxy or otherwise act as proxy of the Corporation, authorized to vote the shares of the Corporation during the 2023 annual stockholders’ meeting of National Reinsurance Corporation of the Philippines, and any of the following is likewise authorized to sign, execute and deliver, any proxy form and such other documents, forms, instruments, or papers as may be required in order to represent the shares of the Corporation at the said annual stockholders’ meeting:

Name

Specimen Signature

IN WITNESS WHEREOF, I hereunto affixed my signature this _____, at Makati City, Metro Manila.

Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of _____, Philippines, this _____, by the affiant, whose identity I have confirmed through his/her Passport No. _____, bearing the affiant’s photograph and signature, and who showed to me his/her Community Tax Certificate No. _____ issued at _____ City, on _____, 2023.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2023.



Evelina G. Escudero

Filipino, Chairperson of the Board and Director of the Corporation since March 2023

Ms. Escudero is currently a member of the Board of Trustee of the Government Service Insurance System (GSIS). Prior to GSIS, Ms. Escudero was a member of the House of Representatives of the Philippines representing the 1st District of Sorsogon from 2013 to 2022. In fact, she was Deputy Speaker of the Lower House from 2018 - 2022.

As an educator, Ms. Escudero taught at the OB Montessori Center from 1987 to 2012. She has been active in serving the public sector in several capacities such as an Accredited TESDA Assessor in 2004 and a Treasurer of the University of the Philippines Alumni Association – Hostel and Canteen Services in 2009. In 2011, she co-anchored in Wais Spend, a radio program of DZUP which aims to help the Filipino consumers in saving and spending wisely.

Ms. Escudero graduated from the University of the Philippines with a degree of Bachelor of Science in Home Economics Major in Food and Nutrition, in 1964. She also obtained her Master in Education Administration and Doctorate Degree in Philosophy in Education, from the University of the Philippines where she was likewise appointed as Member of the Board of Regents in 2012.



Yvonne S. Yuchengco

Filipino, Vice Chairperson since June 2019, Director of the Corporation since June 2006

Ms. Yuchengco is the Chairman and President of Philippine Integrated Advertising Agency, Inc., Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp. and Royal Commons, Inc.; Chairman of Y Realty Corporation, RCBC Capital Corporation and XYZ Assets Corporation; Vice Chairperson of Malayan Insurance Co., Inc.; Director, Treasurer and CFO of Pan Malayan Management & Investment Corp.; Director and President of Alto Pacific Corporation, MICO Equities, Inc. and RCBC Land, Inc.; Director and Treasurer of Water Dragon, Inc., HI Cars, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corp., Petro Energy Resources Corp., Mayahin Holdings Corporation, and Pan Malayan Realty Corp.; Director and Vice-President of AY Holdings, Inc.; Trustee and Chairperson of The Malayan Plaza Condominium Owners and Yuchengco Museum, Inc.; Director of Annabelle Y. Holdings & Management Corporation, A.T. Yuchengco, Inc., Enrique T. Yuchengco, Inc., DS Realty, Inc., GPL Holdings, Inc., House of Investments, Inc., HYDee Management & Resources Corp., iPeople inc., La Funeraria Paz-Sucat, Inc., Luisita Industrial Park Corp., Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., MPC Investment Corporation, Pan Malayan Express, Inc., Seafont Resources Corp., Shayamala Corporation, YGC Corporate Services, Inc., and Asia-Pac Reinsurance Co., Ltd.; Trustee of Avignon Tower Condominium Corporation, Phil-Asia Assistance Foundation, Inc., Malayan Education System, Inc. (Operating Under the Name of Mapua University), AY Foundation, Inc., Yuchengco Center, Inc.; Advisory Member of Rizal Commercial Banking Corporation.

She graduated with a Bachelor of Arts degree from Ateneo de Manila University and took up further studies at the University of Asia and the Pacific under the Strategic Business Economics Program (SBEP) program.



Allan R. Santos

Filipino, Director, President and Chief Executive Officer since August 2018

Mr. Allan R. Santos has 30+ years of experience in local and international insurance/reinsurance markets in the US, Asia, and Europe. He has held various leadership positions in several other companies including Chief Operating Officer for the Affiliate Companies of AIA Philippines (formerly Philam Life), Regional Chief Financial Officer for Europe at Cigna, Global Head of Product Development at Cigna, and Chief Actuary for Asia at Allied World Assurance Company.

He is a Board Member and Vice President of the Actuarial Society of the Philippines (ASP) and a Board Trustee of the Insurance Institute for Asia and the Pacific. He previously served as President of the East Asian Insurance Congress (2021-2022), Chairman of the Philippine Insurers and Reinsurers Association (2019-2021), and Chairman of the ASEAN Insurance Council's Reinsurance Committee (2018-2020).

Mr. Santos holds a Master's Degree in Applied Mathematics and Bachelor of Science in Mathematics both from the University of the Philippines Diliman. He is a Fellow of both the ASP and the Society of Actuaries (US).



Joli Co Wu

Filipino, Treasurer from January 2017, Director of the Corporation from 2013-2014 and since July 2015.

Ms. Joli Co Wu is the Chief Underwriting Officer of Paramount Life and General Insurance Corporation. Prior to this, she was the President and CEO of QBE Seaboard Insurance Philippines, Inc. until its acquisition by Paramount. She started her insurance career with Seaboard Eastern Insurance where she eventually led the company as its President & CEO until March 2014.

She has extensive experience in insurance operations and underwriting various insurance lines. Throughout her career, she has attended various management, insurance and reinsurance courses, both local and international. She is also currently a Board Trustee of the Insurance Institute of Asia and the Pacific (IIAP) as well as the Philippines Insurance and Reinsurance Association (PIRA), Inc. and a Board Director of the Philippine Machinery Management Services Corporation (PMMSC).

Ms. Wu attended the Immaculate Concepcion Academy for her primary and secondary education and graduated with a degree in Bachelor of Arts, Major in Financial Management from the Catholic University of America, Washington DC.



Maria Consuelo A. Lukban

Filipino, Director of the Corporation
since October 2018

Ms. Lukban is the Head of Corporate Strategy, Investor Relations and Sustainability in the Bank of the Philippine Islands (BPI). She is primarily responsible for financial planning and capital management, investor relations, and enterprise development projects. She oversees the Sustainability Office and Strategic Asset Management and Sales Division. She has over 30 years of banking experience, taking on various senior roles within BPI in its asset management and trust business, insurance business, corporate banking marketing and deposit product management. She was a member of the Board of BPI-AIA Life Assurance Corporation from November 2018 to April 2021.

Ms. Lukban completed her MBA at the University of Chicago in 1992 and BS Management Engineering in 1986 at the Ateneo de Manila University.



Reginaldo Anthony B. Carioso

Filipino, Director of the Corporation
since June 2019.

Mr. Carioso joined the Bank of the Philippine Islands (BPI) in 2013 and is currently the Head of Strategy, Products and Support of its Institutional Banking unit. He oversees the Institutional Bank's Transaction Banking Services, Remittance and Fund Transfer, Strategy Management, Special Accounts Management, and Systems Planning Divisions. Previous roles at BPI include President of BPI Capital, the investment banking arm of BPI, and Chairman of BPI Securities. He is currently also a non-executive board director of the BPI Remittance Center in Hong Kong.

Before joining BPI, Mr. Carioso worked in investment banking for 17 years for JP Morgan and Nomura International based in Hong Kong.

Mr. Carioso received a B.A. degree from the University of Pennsylvania and was a Lieutenant in the United States Navy.



Antonio M. Rubin
Filipino, Director of the Corporation
since January 2018

Prior to his retirement, Mr. Rubin was the Executive Vice President of Malayan Insurance Company, Chairman of the Board of Directors of Bankers Assurance Corporation (BAC), and President of the First Nationwide Assurance Corporation (FNAC). Mr. Rubin is a seasoned underwriter in the insurance industry, having been in the practice of insurance for more than twenty-five years. Mr. Rubin headed various divisions in Malayan Insurance, namely: the Risk Analysis Department, the Fire and Motor Car Underwriting Divisions, the Sales Division, and finally, the entire Underwriting Division. He was also the Chairman of the Board of Directors of the Philippine Insurance Rating Association (PIRA) and Philippine Machinery Management Services Corporation (MacPool), and Head of Risk Management Group of the National Steel Corporation.

His expertise in the industry was further solidified and reinforced by the various specialized seminars, conventions, and trainings he attended locally and abroad. Mr. Rubin went to Mindanao State University in 1974 for his degree in Bachelor of Science in Mechanical Engineering and Ateneo De Manila University for his MBA.



Jocelyn De Guzman Cabreza
Filipino, Director of the Corporation
since December 2016.

Ms. Cabreza is a member of the Board of Trustees of the Government Service Insurance System (GSIS) and chairs its Audit Committee. She is also a member of GSIS Board's Risk Oversight Committee, Corporate Governance Committee, and Legal Oversight Committee. She is also a director of Omnipay, Inc., Sealnsure General Insurance Co., Inc. (formerly, AA Guaranty Assurance Co., Inc.), Sealnsure Life Insurance Co. Inc., Shopee Pay Phil. Inc., and Sea Money Credit Finance Corp. Ms. Cabreza was a former Executive Vice President of Land Bank of the Philippines, Director of Land Bank Resources Development Corp and Land Bank Countryside Development Foundation.

She is a certified public accountant, a master's degree holder and a seasoned banker with 37 years of extensive experience in different areas of banking and finance, internal audit and operations and strategic policy formulation and implementation.



Alan R. Luga

Filipino, Director of the Corporation from December 2016 to January 2019 and since February 2023.

Alan R. Luga (Retired AFP Lieutenant General) was appointed in 2016 by former President Rodrigo Roa Duterte as a Trustee of GSIS, and was reappointed in 2023 by President Ferdinand Romualdez Marcos, Jr. He was the Chairman of the GSIS Provident Fund from 2016 to 2022, and is a current member of the Board of the Philippine National Construction Corporation (PNCC) since 2017.

Mr. Luga has also held various military and corporate positions. Prior to his appointment in GSIS in 2016, he was the President and Chief Executive Officer of AFP General Insurance Corporation from 2014 - 2018, He was the Chairman of the Board of the Camp Aguinaldo Golf and Country Club from 2013 to 2014, and of the AFP Housing Board on the same years. He was also a member of the Board of Directors of the Riviera Sports & Country Club, Inc. from 2014 to 2016, served as a member of the AFP Board of Generals from 2013 to 2014, and is the current class president of the PMA Dimalupig Class of 1981.

Mr. Luga obtained his Bachelor of Science Degree from the Philippine Military Academy in 1981. In 1994, he acquired his Master of Business Administration (MBA) units from the Ateneo De Manila University Graduate School of Business. He completed a Master's Degree in Military Arts and Science at the United States Army Command and General Staff College at Fort Leavenworth, Kansas in 2002.



Rafael G. Ayuste, Jr.

Filipino, Director of the Corporation since June 2012.

Mr. Rafael G. Ayuste, Jr. is the chairman of the Investment Committee of the Company since July 2015. He is also a Senior Vice President and Group Head of the Trust and Investments Group of BDO Unibank, Inc. Prior to this, he was Senior Vice President of Wealth Advisory and Trust Group of BDO Private Bank, Inc. and First Senior Vice President and Head of the Trust Banking Group of Philippine National Bank from 2009 - 2013; Vice President and Head of Retail Branch Business, Citibank Savings, Citibank N.A. Philippines from 2008 to 2009; Senior Vice President/Deputy Group Head of Trust banking of the Metropolitan Bank and Trust Company through merger with Global Business Bank from 2000 to 2008; Vice President/Head of Securities Distribution of the Banco Santander Philippines, Inc. from 1999 to 2000; Vice President/Head of Trust Division, Security Bank Corporation from 1996 to 1999; Assistant Vice President and Head of Peso and Dollar Trading Desks of Citibank, N.A., Citibank Global Asset Management (CGAM) from 1989 to 1996. He is a four term President and a multi-term Director of the Trust Officers Association of the Philippines (TOAP).

He has attended various seminars such as Enterprise Risk Management, Financial Risk Management, and Corporate Governance. He obtained his Bachelor of Science degree major in Business Administration from the University of Santo Tomas.



Roberto G. Manabat

Filipino, Independent Director
since June 2021.

Mr. Manabat has more than 40 years of track record in the field of accountancy and has been an adviser to a number of corporations on financial reporting and good corporate governance. He is a resource person on matters pertaining to corporate governance, internal audit, financial reporting, risk management and the financial services industry.

Currently, Mr. Manabat is the Lead Independent Director of Union Bank of the Philippines, and Independent Director of Union Digital Bank, City Savings Bank, Goldilocks Bakeshop, Inc., Citibank Financial Services & Insurance Brokerage, Inc., and Sodexo BRS Philippines. He is currently an Advisor to the Board of Directors of SM Investments Corporation (SMIC) and Century Peak Holdings Corporation. He is the Chairman of the KPMG R.G. Manabat Foundation and the Chairman of Enactus Philippines. He is a member of the Board of Trustees of the Shareholders' Association of the Philippines and a Life Fellow of the Institute of Corporate Directors.

Mr. Manabat was previously the Chairman and Chief Executive of KPMG R.G. Manabat & Co., until December 31, 2017. He has not been a part of KPMG R.G. Manabat & Co. since January 1, 2018. He was the previous Chairman of the Auditing & Assurance Standards Council and a Member of the Financial Reporting Standards Council. He was a General Accountant of the Securities and Exchange Commission and a previous partner of SGV & Co.

In 2018, he received The Outstanding Professional Award in the Field of Accountancy given by the Professional Regulation Commission. He was honored as an "Outstanding CPA in Government Service" an award given by the Philippine Institute of Certified Public Accountants (PICPA). In 2019, he was honored by The Federation of Asian Institute of Management Alumni Associations, Inc. (FAIM) with an Alumni Achievement (Triple A) Award, the most prestigious recognition given to AIM graduates. In March 2023, he is the recipient of the Top 100 Notable CPAs Centenary Award, granted by the Professional Regulatory Board of Accountancy during the Centennial celebration of the Accountancy profession.

Mr. Manabat is a Certified Public Accountant. He graduated with Magna Cum Laude honors from the University of the East with a Bachelor's degree in Business Administration. He is an Outstanding Alumnus in 2021. He placed 6th in the CPA examinations in November 1968. He obtained his Master's degree in Business Management from the Asian Institute of Management.



Rex Maria A. Mendoza

Filipino, Independent Director
since June 2019.

Mr. Rex Mendoza is the Chairman of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He is an active entrepreneur with companies and endeavors in multiple industries. He currently serves as the lead independent director of Globe Telecom, Inc. and Ayala Land Logistics Holdings Corporation, and independent director of the Ayala Land, Inc., all publicly listed companies.

He is the chairman of the board of Singapore Life, the Soldivo Bond Fund, Inc. and the Soldivo Strategic Growth Fund, Inc. He is also the lead independent director of Anvaya Cove Beach and Nature Club, Inc. and G Exchange Inc. (GXI, or GCash). He is a director of FLT Prime Insurance Corp., Cullinan Group, Esquire Financing, Inc., Mobile Group, Inc., Seven Tall Trees Events Company, Inc., and TechnoMarine Philippines. He is a member of Bro. Bo Sanchez' Mastermind Group and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation.

He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.



Medel T. Nera

Filipino, Lead Independent Director since June 2021, Independent Director since July 2011.

Mr. Medel T. Nera is a Director of House of Investments, Inc., iPeople inc., EEI Corp., Seafront Resources Corp, Holcim Phils, Inc. and Ionics, Inc. His past experiences include: President & CEO of House of Investments, Inc.; Director and President of RCBC Realty Corp.; Director and Chairman of the Risk Oversight Committee and Member of the Audit Committee of the Rizal Commercial Banking Corp.; and Senior Partner at Sycip Gorres Velayo & Co. where he served as Financial Services Practice Head. He was formerly Head of the Financial Services Assurance practice of Ernst and Young in the Far East covering China, Taiwan, HongKong, South Korea, Singapore, Philippines and Vietnam.

Mr. Nera obtained his Master of Business Administration degree from the Stern School of Business, New York University, USA and Bachelor of Science in Commerce from the Far Eastern University, Philippines. He holds an International Management Program from the Manchester Business School, UK, and a Pacific Rim Bankers Program from the University of Washington, USA.

Directorship in other listed companies:

House of Investments, Inc.
Seafront Resources Corporation
iPeople, Inc.
EEI Corporation
Ionics, Inc.
Holcim Philippines, Inc.

****Justification for the re-election of Director Medel T. Nera as an Independent Director of Nat Re for the Term 2023-2024**

Mr. Nera has been an Independent Director of Nat Re since 2011. As such, he has gained a comprehensive understanding of the specialized business of a professional reinsurance company and has been providing meaningful insights and perspectives which are very helpful during the board and committee meetings. He actively Chairs the Audit Committee and likewise participates actively in committee meetings where he is a member, and these include the Risk Oversight, the Governance & Related Party Transaction, and the Investment & Budget Committees. The Audit Committee which he chairs consistently obtained an excellent performance rating mainly because the Committee provides valuable insights and direction to Management and exercises effective oversight over the Company's financial reporting, internal and external audit.

Directorship in more than 5 PLCs

Mr. Nera sits on the board of more than five (5) publicly listed companies, namely (1) House of Investments Inc., (2) iPeople, Inc., (3) EEI Corporation, (4) Seafront Resources Corp., (5) Ionics Inc., (6) Holcim Philippines, Inc. and (7) Nat Re. While Mr. Nera has more than 5 directorships in publicly listed companies, including Nat Re, we submit that this does not interfere in the optimal performance of his roles and responsibilities as ID of Nat Re.

The Revised IC Code of Corporate Governance recommends a maximum of five directorship on the basis that being a director necessitates a commitment to the corporation and the limitation of board directorships is to ensure that the members of the board are able to effectively commit

themselves to perform their roles and responsibilities, regularly update their knowledge and enhance their skills.

In the case of Mr. Nera, he was formerly the President and CEO of House of Investments and iPeople, Inc. and EEI Corporation are subsidiaries of House of Investments. Thus, he is already very familiar with the operations of these three publicly-listed companies. Seafront Resources Corp., on the other hand, does not have active operations. It has only investments in shares of stock. Furthermore, Ionics Inc. was his former audit client, and the nature of their electronics manufacturing operations has not changed.

While Mr. Nera serves as a director in more than five (5) publicly listed companies, our records show that he has always attended the board and committee meetings and the Annual Stockholders Meetings of the company. He is committed to his role and responsibility as ID of Nat Re as he finds sufficient time to keep abreast of the company's operations, actively participates in meetings, challenges management's views and proposals and provides meaningful insights.

The attendance record of Mr. Nera is shown as follows:

MEETINGS	ATTENDANCE in 2022
Board	12/12
Annual Stockholders	1/1
Audit Committee	7/7
Risk Oversight Committee	4/4
Governance & Related Party Transaction Committee	4/4
Investment & Budget Committee	8/8

Term as ID

The company's primary regulator, the Insurance Commission, prescribes that the reckoning date for the term-limit of an Independent Director shall be from 02 January 2015 (*IC Circular Letter No. 2020-71, Recommendation 5.3; IC Circular Letter No. 2018-36 issued 26 June 2018*) and therefore, Mr. Nera is still qualified for re-election until 2023.

The Management of Nat Re strongly believes that retaining Mr. Nera in the company's board will be very beneficial to the continuing growth and strategic direction of the company. His business experience, knowledge and wisdom will be most valuable in the successful governance of this company.

The re-election of Mr. Medel T. Nera as Independent director of the Company for the term 2023-2024 is subject to the approval of the stockholders.

PROXY¹
NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

PROXY SOLICITED ON BEHALF OF THE MANAGEMENT OF NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES FOR THE ANNUAL STOCKHOLDERS' MEETING TO BE HELD ON JULY 5, 2023, WEDNESDAY, AT 2:30 P.M. AT THE CARLOS P. ROMULO AUDITORIUM, PODIUM 4, TOWER II, RCBC PLAZA, 6819 AYALA AVENUE, MAKATI CITY.

The Undersigned hereby appoints:

(a) The Chairman of the Board of Directors of National Reinsurance Corporation of the Philippines, or in his absence, the President of National Reinsurance Corporation of the Philippines

(b) _____²

to act for me and on my/our behalf at the National Reinsurance Corporation of the Philippines Annual Stockholders' Meeting to be held on July 5, 2023 (and as may be rescheduled and / or adjourned) and to vote for me/us as indicated below or, if no such indication is given, as my/our proxy thinks fit:

	RESOLUTIONS	FOR	AGAINST	ABTAIN
1	Approval/ratification of the Minutes of the Annual Stockholders' Meeting held on June 30, 2022			
2	Approval of the Management Report for the Year Ended December 31, 2022			
3	Ratification of all Acts of the Board of Directors and Officers during the preceding year			
4	Appointment of R.G. Manabat & Co. (KPMG Philippines) as Independent External Auditors			
5	Election of Directors 2023 - 2024: 1. Evelina G. Escudero 2. Yvonne S. Yuchengco 3. Allan R. Santos 4. Rafael G. Ayuste, Jr. 5. Jocelyn DG Cabreza 6. Reginaldo Anthony B. Cariaso 7. Alan R. Luga 8. Maria Consuelo A. Lukban 9. Antonio M. Rubin 10. Joli Co Wu 11. Roberto G. Manabat (Independent Director) 12. Rex Maria A. Mendoza (Independent Director) 13. Medel T. Nera (Independent Director)			
6	Re-election of Mr. Medel T. Nera as Independent Director			

 (Signature above printed name, including title when signing for a corporation)

Date: _____

No. of Shares held: _____

¹ To be valid, a scanned signed copy of this proxy must be emailed on or before June 23, 2023 to asm@nat-re.com.

² If no name is provided, the Chairman of the Meeting will act as the proxy.

THIS PROXY NEED NOT BE NOTARIZED.

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

SECRETARY'S CERTIFICATE

I, [Name of Corporate Secretary], of legal age, Filipino, with office address at [Address of Corporate Secretary], after having been sworn in accordance with law hereby depose and state that:

1. I am the Corporate Secretary of [name of corporate stockholder of NRCP] (the "Corporation"), with offices at _____;
2. In a meeting of the Board of Directors of the Corporation held at its office on _____, the following resolution was approved:

"RESOLVED, That the Board of Directors of the Corporation authorize, as it hereby authorizes the following officers of the Corporation, to designate the proxy or otherwise act as proxy of the Corporation, authorized to vote the shares of the Corporation during the 2023 Annual Stockholders' Meeting of National Reinsurance Corporation of the Philippines, and any of the following is likewise authorized to sign, execute and deliver, any proxy form and such other documents, forms, instruments, or papers as may be required in order to represent the shares of the Corporation at the said annual stockholders' meeting:

Name	Specimen Signature
_____	_____
_____	_____

IN WITNESS WHEREOF, I hereunto affixed my signature this _____, at Makati City, Metro Manila.

Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of _____, Philippines, this _____, by the affiant, whose identity I have confirmed through his/her Passport No. _____, bearing the affiant's photograph and signature, and who showed to me his/her Community Tax Certificate No. _____ issued at _____ City, on _____, 2023.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2023.

PART I
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting ([Nat Re ASM Webpage](#)):

Date	:	July 5, 2023
Time	:	2:30 P.M.
Place	:	Carlos P. Romulo Auditorium, Podium 4, Tower II RCBC Plaza, 6819 Ayala Avenue, Makati City
Mailing Address	:	National Reinsurance Corporation of the Philippines 31 st Floor, BPI-Philam Life Makati 6811 Ayala Avenue, Makati City, 1227 Philippines
Telephone Number	:	(632) 8988-7400

The Corporation will be holding a physical (face-to-face) meeting.

The enclosed proxy is solicited for and on behalf of the Management of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**, *doing business under the names and styles of Nat Re; Philippine National Reinsurance Company; PhilNaRe* (hereinafter called the “Company” or “Nat Re”) for use in connection with the annual meeting of the stockholders of the Company.

The approximate date on which the Information Statement shall be provided to the stockholders of record as of May 22, 2023 (the “Record Date”) will be on or before June 7, 2023, through publication of the Notice of Annual Stockholders Meeting with QR Code, in the business section of two (2) newspapers of general circulation, in both print and online format for two (2) consecutive days.

The matters to be considered and acted upon at such meeting are referred to in the Notice and are more fully discussed in this statement.

Item 2. Dissenter’s Right of Appraisal

The dissenter’s right of appraisal under Section 80 of the Revised Corporation Code of the Philippines is not applicable in any of the matters to be submitted to the stockholders. The agenda for the annual stockholders’ meeting does not include any matter which would give rise to the appraisal right of the stockholders under Section 80 of the Revised Corporation Code.

Under the Revised Corporation Code, appraisal right shall arise when a dissenting stockholder votes against a proposed corporate action. In such a case, the dissenting stockholder may make a written demand for the payment of the fair value of his shares within 30 days from the date on which the vote was taken.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon, other than election to office. No director has informed the Corporation in writing of any intention to oppose any action to be taken during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

- (a) As of the Record Date, which is May 22, 2023, the date to determine the stockholders entitled to notice and to vote at the annual stockholders meeting on July 5, 2023, the Corporation has the following outstanding shares:

Common shares (voting) - 2,123,605,600 shares*

**As of April 30, 2023, outstanding common shares of 6,617,010 under PCD nominee account representing 0.31% of the outstanding capital stock are held by foreign shareholders.*

- (b) Only holders of Common Shares as of the Record Date shall be entitled to vote in the election of directors in the manner provided hereunder. On the approval of the minutes of the previous meeting, ratification of all acts of the Board of Directors and officers during the previous year, and appointment of the independent auditor, each share of outstanding common stock is entitled to one vote.
- (c) In the election of directors, every stockholder entitled to vote shall have the right to vote in absentia or by proxy the number of common shares of stock standing in his name at record date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by a stockholder shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

The Amended By-laws of the Corporation, approved by the Securities and Exchange Commission on January 3, 2022, allow the stockholders to attend the stockholders' meetings and to exercise their right to vote in absentia or through remote communication. The registration and voting procedures are further detailed in the *Guidelines for Participating via Remote Communication and Voting in Absentia*.

(d) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of April 30, 2023, the record and/or beneficial owners of more than 5% of the outstanding Common Shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent Per Class
Common	Bank of Philippine Islands ¹ Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City	Bank of Philippine Islands ¹ Ayala North Exchange Tower 1, Ayala Avenue corner Salcedo St., Legaspi Village, Makati City	Filipino	290,795,500	13.69%
Common	PCD Nominee Corporation. (Filipino) ^{2,3} G/F MSE Building 6754 Ayala Ave. Makati City	Government Service Insurance System ^{2,3} New GSIS Headquarters, Financial Center, Pasay City	Filipino	547,465,396	25.78%
Common	PCD Nominee Corporation. (Filipino) ^{2,4} G/F MSE Building 6754 Ayala Ave. Makati City	MICO Equities Inc. ^{2,4} Yuchengco Bldg., 484 Quintin Paredes Street, Manila	Filipino	273,716,100	12.89%

(e) Security Ownership of Management

The following table sets forth as of April 30, 2023, the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Evelina G. Escudero	1 Record	Filipino	0.000000%
Common	Allan R. Santos	5,000 Record 493,000 Beneficial	Filipino	0.023451%

¹ The shares of BPI will be voted by the person to be designated by BPI in the proxy that will be submitted to the Corporation. The deadline for submission of proxies is on June 23, 2023.

²The PCD is not related to the Company. The 547,465,396 shares and 273,716,100 shares beneficially owned by GSIS and MICO Equities, respectively, form part of the 1,684,422,286 shares registered in the name of PCD Nominee Corporation (Filipino).

³ The shares of GSIS will be voted by the person to be designated by GSIS in the proxy that will be submitted to the Corporation on or before June 23, 2023.

⁴ The shares of MICO Equities, Inc. will be voted by the person to be designated by MICO Equities in the proxy that will be submitted to the Corporation on or before June 23, 2023.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Joli Co Wu	344,100 Record 260,000 Beneficial	Filipino	0.028447%
Common	Yvonne S. Yuchengco	100 Record 26,000 Beneficial	Filipino	0.001229%
Common	Maria Consuelo A. Lukban	50 Record	Filipino	0.000002%
Common	Antonio M. Rubin	1,000 Record 10,000 Beneficial	Filipino	0.000518%
Common	Rafael G. Ayuste, Jr.	100,000 Record	Filipino	0.004709%
Common	Reginaldo Anthony B. Carias	50 Record	Filipino	0.000002%
Common	Jocelyn DG Cabreza	1 Record	Filipino	0.000000%
Common	Alan R. Luga	1 Record	Filipino	0.000000%
Common	Roberto G. Manabat	1,000 Record	Filipino	0.000047%
Common	Rex Maria A. Mendoza	1,000 Record	Filipino	0.000047%
Common	Medel T. Nera	1,000 Record	Filipino	0.000047%
	TOTAL FOR DIRECTORS	1,242,303		0.058499%
	GRAND TOTAL	1,242,303		0.058499%

All the above-named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

(f) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.

(g) Changes in Control

From January 1, 2022 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement which may result in a change in control of it.

Item 5. Directors and Executive Officers

(a) Incumbent Directors and Executive Officers.

The Company's Amended Articles of Incorporation provide for a 13-seat Board of Directors. Following is the list of the incumbent members of the Board:

Name	Position	Age	Citizenship
Evelina G. Escudero	Director/Chairperson of the Board	80	Filipino
Yvonne S. Yuchengco	Director/Vice Chairperson of the Board	69	Filipino
Allan R. Santos	Director/President/Chief Executive Officer	56	Filipino
Joli Co Wu	Director/Treasurer	56	Filipino
Alan R. Luga	Director	64	Filipino
Jocelyn DG Cabreza	Director	66	Filipino
Maria Consuelo A. Lukban	Director	58	Filipino
Reginaldo Anthony B. Cariaso	Director	55	Filipino
Antonio M. Rubin	Director	72	Filipino
Rafael G. Ayuste, Jr.	Director	59	Filipino
Rex Maria A. Mendoza	Independent Director	60	Filipino
Roberto G. Manabat	Independent Director	76	Filipino
Medel T. Nera	Independent Director	67	Filipino

Following is the list of the Corporation's key officers as of the date of this report:

Name	Position	Age	Citizenship
Evelina G. Escudero	Chairperson of the Board	80	Filipino
Yvonne S. Yuchengco	Vice Chairperson of the Board	69	Filipino
Allan R. Santos	President and Chief Executive Officer	56	Filipino
Joli Co Wu	Treasurer	56	Filipino
Noel A. Laman	Corporate Secretary	83	Filipino
Ma. Pilar M. Pilares-Gutierrez	Assistant Corporate Secretary	46	Filipino
Jaime Jose M. Javier Jr.	Senior Vice President and Head of Life Reinsurance	56	Filipino
Cinderella M. Gernan	Vice President and Head of Data Administration and Technology	44	Filipino
Daisy C. Salonga	Vice President and Head of Investments	56	Filipino
Santino U. Sontillano	Vice President and Head of Finance	46	Filipino
Jacqueline Michelle C. Dy	Vice President and Head of Risk & Compliance	42	Filipino
Regina Lourdes D. Papa	Senior Assistant Vice President and Head of Human Resources and Office Services	56	Filipino

(b) Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

(c) Business experience of the Directors and Officers during the past five (5) years.

Evelina G. Escudero, Filipino, Chairperson of the Board and Director of the Corporation since March 2023.

Ms. Escudero is currently a member of the Board of Trustees of the Government Service Insurance System (GSIS). Prior to GSIS, Ms. Escudero was a member of the House of Representatives of the Philippines representing the 1st District of Sorsogon from 2013 to 2022. In fact, she was Deputy Speaker of the Lower House from 2018 - 2022.

As an educator, Ms. Escudero taught at the OB Montessori Center from 1987 to 2012. She has been active in serving the public sector in several capacities such as an Accredited TESDA Assessor in 2004 and a Treasurer of the University of the Philippines Alumni Association – Hostel and Canteen Services in 2009. In 2011, she co-anchored in Wais Spend, a radio program of DZUP which aims to help the Filipino consumers in saving and spending wisely.

Ms. Escudero graduated from the University of the Philippines with a degree of Bachelor of Science in Home Economics Major in Food and Nutrition, in 1964. She also obtained her Master's in Education Administration and Doctorate Degree in Philosophy in Education, from the University of the Philippines where she was likewise appointed as Member of the Board of Regents in 2012.

Yvonne S. Yuchengco, Filipino, Vice Chairperson since June 2019, Director of the Corporation since June 2006.

Ms. Yuchengco is the Chairman and President of Philippine Integrated Advertising Agency, Inc., Y Tower II Office Condominium Corp., Yuchengco Tower Office Condominium Corp. and Royal Commons, Inc.; Chairman of Y Realty Corporation, RCBC Capital Corporation and XYZ Assets Corporation; Vice Chairperson of Malayan Insurance Co., Inc.; Director, Treasurer and CFO of Pan Malayan Management & Investment Corp.; Director and President of Alto Pacific Corporation, MICO Equities, Inc. and RCBC Land, Inc.; Director and Treasurer of Water Dragon, Inc., HI Cars, Inc., Malayan High School of Science, Inc., Mona Lisa Development Corp., Petro Energy Resources Corp., Mayahin Holdings Corporation, and Pan Malayan Realty Corp.; Director and Vice-President of AY Holdings, Inc.; Trustee and Chairperson of The Malayan Plaza Condominium Owners and Yuchengco Museum, Inc.; Director of Annabelle Y. Holdings & Management Corporation, A.T. Yuchengco, Inc., Enrique T. Yuchengco, Inc., DS Realty, Inc., GPL Holdings, Inc., House of Investments, Inc., HYDee Management & Resources Corp., iPeople inc., La Funeraria Paz-Sucat, Inc., Luisita Industrial Park Corp., Malayan International Insurance Corp., Manila Memorial Park Cemetery, Inc., MPC Investment Corporation, Pan Malayan Express, Inc., Seafront Resources Corp., Shayamala Corporation, YGC Corporate Services, Inc., and Asia-Pac Reinsurance Co., Ltd.; Trustee of Avignon Tower Condominium Corporation, Phil-Asia Assistance Foundation, Inc., Malayan Education System, Inc. (Operating Under the Name of Mapua University), AY Foundation, Inc., Yuchengco Center, Inc.; Advisory Member of Rizal Commercial Banking Corporation.

She graduated with a Bachelor of Arts degree from Ateneo de Manila University and took up further studies at the University of Asia and the Pacific under the Strategic Business Economics Program (SBEP) program.

Allan R. Santos, Filipino, Director, President and Chief Executive Officer since August 2018.

Mr. Allan R. Santos has 30+ years of experience in local and international insurance/reinsurance markets in the US, Asia, and Europe. He has held various leadership positions in several other companies including Chief Operating Officer for the Affiliate Companies of AIA Philippines (formerly Philam Life), Regional Chief Financial Officer for Europe at Cigna, Global Head of Product Development at Cigna, and Chief Actuary for Asia at Allied World Assurance Company.

He is a Board Member and Vice President of the Actuarial Society of the Philippines (ASP) and a Board Trustee of the Insurance Institute for Asia and the Pacific. He previously served as President of the East Asian Insurance Congress (2021-2022), Chairman of the Philippine Insurers and Reinsurers Association (2019-2021), and Chairman of the ASEAN Insurance Council's Reinsurance Committee (2018-2020).

Mr. Santos holds a Master's Degree in Applied Mathematics and Bachelor of Science in Mathematics both from the University of the Philippines Diliman. He is a Fellow of both the ASP and the Society of Actuaries (US).

Joli Co Wu, Filipino, Treasurer from January 2017, Director of the Corporation from 2013-2014 and since July 2015.

Ms. Joli Co Wu is the Chief Underwriting Officer of Paramount Life and General Insurance Corporation. Prior to this, she was the President and CEO of QBE Seaboard Insurance Philippines, Inc. until its acquisition by Paramount. She started her insurance career with Seaboard Eastern Insurance where she eventually led the company as its President & CEO until March 2014.

She has extensive experience in insurance operations and underwriting various insurance lines. Throughout her career, she has attended various management, insurance and reinsurance courses, both local and international. She is also currently a Board Trustee of the Insurance Institute of Asia and the Pacific (IIAP) as well as the Philippines Insurance and Reinsurance Association (PIRA), Inc. and a Board Director of the Philippine Machinery Management Services Corporation (PMMSC).

Ms. Wu attended the Immaculate Concepcion Academy for her primary and secondary education and graduated with a degree in Bachelor of Arts, Major in Financial Management from the Catholic University of America, Washington DC.

Maria Consuelo A. Lukban, Filipino, Director of the Corporation since October 2018.

Ms. Lukban is the Head of Corporate Strategy, Investor Relations and Sustainability in the Bank of the Philippine Islands (BPI). She is primarily responsible for financial planning and capital management, investor relations, and enterprise development projects. She oversees the Sustainability Office and Strategic Asset Management and Sales Division. She has over 30 years of banking experience, taking on various senior roles within BPI in its asset management and trust business, insurance business, corporate banking marketing and deposit product management. She was a member of the Board of BPI-AIA Life Assurance Corporation from November 2018 to April 2021.

Ms. Lukban completed her MBA at the University of Chicago in 1992 and BS Management Engineering in 1986 at the Ateneo de Manila University.

Reginaldo Anthony B. Cariaso, Filipino. Director of the Corporation since June 2019.

Mr. Cariaso joined the Bank of the Philippine Islands (BPI) in 2013 and is currently the Head of Strategy, Products and Support of its Institutional Banking unit. He oversees the Institutional Bank's Transaction Banking Services, Remittance and Fund Transfer, Strategy Management, Special Accounts Management, and Systems Planning Divisions. Previous roles at BPI include President of BPI Capital, the investment banking arm of BPI, and Chairman of BPI Securities. He is currently also a non-executive board director of the BPI Remittance Center in Hong Kong.

Before joining BPI, Mr. Cariaso worked in investment banking for 17 years for JP Morgan and Nomura International based in Hong Kong.

Mr. Cariaso received a B.A. degree from the University of Pennsylvania and was a Lieutenant in the United States Navy.

Antonio M. Rubin, Filipino, Director of the Corporation since January 2018.

Director of the Corporation since January 2018. Prior to his retirement, Mr. Rubin was the Executive Vice President of Malayan Insurance Company, Chairman of the Board of Directors of Bankers Assurance Corporation (BAC), and President of the First Nationwide Assurance Corporation (FNAC). Mr. Rubin is a seasoned underwriter in the insurance industry, having been in the practice of insurance for more than twenty-five years. Mr. Rubin headed various divisions in Malayan Insurance, namely: the Risk Analysis Department, the Fire and Motor Car Underwriting Divisions, the Sales Division, and finally, the entire Underwriting Division. He was also the Chairman of the Board of Directors of the Philippine Insurance Rating Association (PIRA) and Philippine Machinery Management Services Corporation (PMMSC), and Head of Risk Management Group of the National Steel Corporation.

His expertise in the industry was further solidified and reinforced by the various specialized seminars, conventions, and trainings he attended locally and abroad. Mr. Rubin went to Mindanao State University in 1974 for his degree in Bachelor of Science in Mechanical Engineering and Ateneo De Manila University for his MBA.

Jocelyn De Guzman Cabreza, Filipino, Director of the Corporation since December 2016.

Ms. Cabreza is a member of the Board of Trustees of the Government Service Insurance System (GSIS) and chairs its Audit Committee. She is also a member of GSIS Board's Risk Oversight Committee, Corporate Governance Committee, and Legal Oversight Committee. She is also a director of Omnipay, Inc., SeaInsure General Insurance Co., Inc. (formerly, AA Guaranty Assurance Co., Inc.), SeaInsure Life Insurance Co. Inc., Shopee Pay Phil. Inc., and Sea Money Credit Finance Corp. Ms. Cabreza was a former Executive Vice President of Land Bank of the Philippines, Director of Land Bank Resources Development Corp and Land Bank Countryside Development Foundation.

She is a certified public accountant, a master's degree holder and a seasoned banker with 37 years of extensive experience in different areas of banking and finance, internal audit and operations and strategic policy formulation and implementation.

Alan R. Luga, Filipino, Director of the Corporation from December 2016 to January 2019 and since February 2023.

Alan R. Luga (Retired AFP Lieutenant General) was appointed in 2016 by former President Rodrigo Roa Duterte as a Trustee of GSIS, and was reappointed in 2023 by President Ferdinand Romualdez Marcos, Jr. He was the Chairman of the GSIS Provident Fund from 2016 to 2022, and is a current member of the Board of the Philippine National Construction Corporation (PNCC) since 2017.

Mr. Luga has also held various military and corporate positions. Prior to his appointment in GSIS in 2016, he was the President and Chief Executive Officer of AFP General Insurance Corporation from 2014 - 2018, He was the Chairman of the Board of the Camp Aguinaldo Golf and Country Club from 2013 to 2014, and of the AFP Housing Board on the same years. He was also a member of the Board of Directors of the Riviera Sports & Country Club, Inc. from 2014 to 2016, served as a member of the AFP Board of Generals from 2013 to 2014, and is the current class president of the PMA Dimalupig Class of 1981.

Mr. Luga obtained his Bachelor of Science Degree from the Philippine Military Academy in 1981. In 1994, he acquired his Master of Business Administration (MBA) units from the Ateneo De Manila University Graduate School of Business. He completed a Master's degree in Military Arts and Science at the United States Army Command and General Staff College at Fort Leavenworth, Kansas in 2002.

Rafael G. Ayuste, Jr., Filipino, Director of the Corporation since June 2012.

Mr. Rafael G. Ayuste, Jr. is the chairman of the Investment Committee of the Company since July 2015. He is also a Senior Vice President and Group Head of the Trust and Investments Group of BDO Unibank, Inc. Prior to this, he was Senior Vice President of Wealth Advisory and Trust Group of BDO Private Bank, Inc. and First Senior Vice President and Head of the Trust Banking Group of Philippine National Bank from 2009 - 2013; Vice President and Head of Retail Branch Business, Citibank Savings, Citibank N.A. Philippines from 2008 to 2009; Senior Vice President/Deputy Group Head of Trust banking of the Metropolitan Bank and Trust Company through merger with Global Business Bank from 2000 to 2008; Vice President/Head of Securities Distribution of the Banco Santander Philippines, Inc. from 1999 to 2000; Vice President/Head of Trust Division, Security Bank Corporation from 1996 to 1999; Assistant Vice President and Head of Peso and Dollar Trading Desks of Citibank, N.A., Citibank Global Asset Management (CGAM) from 1989 to 1996. He is a four term President and a multi-term Director of the Trust Officers Association of the Philippines (TOAP).

He has attended various seminars such as Enterprise Risk Management, Financial Risk Management, and Corporate Governance. He obtained his Bachelor of Science degree major in Business Administration from the University of Santo Tomas.

Medel T. Nera, Filipino, Lead Independent Director since June 2021, Independent Director since July 2011.

Mr. Medel T. Nera is a Director of House of Investments, Inc., iPeople inc., EEI Corp., Seafont Resources Corp, Holcim Phils, Inc. and Ionics, Inc. His past experiences include: President & CEO of House of Investments, Inc.; Director and President of RCBC Realty Corp.; Director and Chairman of the Risk Oversight Committee and Member of the Audit Committee of the Rizal Commercial Banking Corp.; and Senior Partner at Sycip Gorres Velayo & Co. where he served as Financial Services Practice Head. He was formerly Head of the Financial Services Assurance

practice of Ernst and Young in the Far East covering China, Taiwan, HongKong, South Korea, Singapore, Philippines and Vietnam.

Mr. Nera obtained his Master of Business Administration degree from the Stern School of Business, New York University, USA and Bachelor of Science in Commerce from the Far Eastern University, Philippines. He holds an International Management Program from the Manchester Business School, UK, and a Pacific Rim Bankers Program from the University of Washington, USA.

Roberto G. Manabat, Filipino, Independent Director since June 2021.

Mr. Manabat has more than 40 years of track record in the field of accountancy and has been an adviser to a number of corporations on financial reporting and good corporate governance. He is a resource person on matters pertaining to corporate governance, internal audit, financial reporting, risk management and the financial services industry.

Currently, Mr. Manabat is the Lead Independent Director of Union Bank of the Philippines, and Independent Director of Union Digital Bank, City Savings Bank, Goldilocks Bakeshop, Inc., Citibank Financial Services & Insurance Brokerage, Inc., and Sodexo BRS Philippines. He is currently an Advisor to the Board of Directors of SM Investments Corporation (SMIC) and Century Peak Holdings Corporation. He is the Chairman of the KPMG R.G. Manabat Foundation and the Chairman of Enactus Philippines. He is a member of the Board of Trustees of the Shareholders' Association of the Philippines and a Life Fellow of the Institute of Corporate Directors.

Mr. Manabat was previously the Chairman and Chief Executive of KPMG R.G. Manabat & Co., until December 31, 2017. He has not been a part of KPMG R.G. Manabat & Co. since January 1, 2018. He was the previous Chairman of the Auditing & Assurance Standards Council and a Member of the Financial Reporting Standards Council. He was a General Accountant of the Securities and Exchange Commission and a previous partner of SGV & Co.

In 2018, he received The Outstanding Professional Award in the Field of Accountancy given by the Professional Regulation Commission. He was honored as an "Outstanding CPA in Government Service" an award given by the Philippine Institute of Certified Public Accountants (PICPA). In 2019, he was honored by The Federation of Asian Institute of Management Alumni Associations, Inc. (FAIM) with an Alumni Achievement (Triple A) Award, the most prestigious recognition given to AIM graduates. In March 2023, he is the recipient of the Top 100 Notable CPAs Centenary Award, granted by the Professional Regulatory Board of Accountancy during the Centennial celebration of the Accountancy profession.

Mr. Manabat is a Certified Public Accountant. He graduated with Magna Cum Laude honors from the University of the East with a Bachelor's degree in Business Administration. He is an Outstanding Alumnus in 2021. He placed 6th in the CPA examinations in November 1968. He obtained his Master's degree in Business Management from the Asian Institute of Management.

Rex Maria A. Mendoza, Filipino, Independent Director since June 2019.

Mr. Rex Mendoza is the Chairman of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He is an active entrepreneur with companies and endeavors in multiple industries. He currently serves as the lead independent director of Globe Telecom, Inc. and Ayala Land Logistics Holdings Corporation, and independent director of the Ayala Land, Inc., all publicly listed companies.

He is the Chairman of the Board of Singapore Life, the Soldivo Bond Fund, Inc. and the Soldivo Strategic Growth Fund, Inc. He is also the lead independent director of Anvaya Cove Beach and Nature Club, Inc. and G Exchange Inc. (GX1, or GCash). He is a director of FLT Prime Insurance Corp., Cullinan Group, Esquire Financing, Inc., Mobile Group, Inc., Seven Tall Trees Events Company, Inc., and TechnoMarine Philippines. He is a member of Bro. Bo Sanchez' Mastermind Group and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing On All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation.

He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

Noel A. Laman, Filipino, Corporate Secretary since June 2007.

Atty. Noel A. Laman is a founder and a Senior Partner of Castillo Laman Tan Pantaleon & San Jose Law Offices. He serves as Corporate Secretary of Boehringer Ingelheim (Phils.), Inc., Merck Inc., DMCI Holdings, Inc. and its various subsidiaries.

He is a member and served as President of the Intellectual Property Association of the Philippines (1996) and the Philippine Bar Association. Atty. Laman is the recipient of several awards, plaques, citations, and certificates of appreciation as invited speaker, resource person and conference chairman of various law and business symposia. He is the firm's representative to the German Philippines Chamber of Commerce (Makati City).

He obtained his Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of the Philippines College of Law. He obtained a Master of Laws degree from the University of Michigan Law School as a De Witt scholar. His law practice concentrates on corporation and general business law, foreign investments, mergers and acquisitions and intellectual property law.

Ma. Pilar M. Pilares-Gutierrez, Filipino, Assistant Corporate Secretary since December 2002.

She is presently a Senior Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. She is the Assistant Corporate Secretary of DMCI Holdings, Inc. and its various subsidiaries. She holds the position of Corporate Secretary/Assistant Corporate Secretary in several other Philippine corporations. She is currently a Senior Lecturer at the University of the Philippines, College of Law.

She obtained her Bachelor of Science degree major in Legal Management from the Ateneo de Manila University and her Bachelor of Laws Degree from the University of the Philippines, College of Law.

Jaime Jose M. Javier, Filipino, Senior Vice President & Head of Life Reinsurance.

Mr. Jaime Jose “Jimmy” M. Javier is Nat Re Senior Vice President and Head of Life Reinsurance.

Mr. Javier has over 25 years of experience in the insurance and financial service industry; handling management positions in sales, marketing, operations of life and health insurance companies, health maintenance organizations, and bancassurance organizations. He also has technical knowledge and competency in actuarial, information technology, and investments.

Mr. Javier was formerly CEO of Boltech Device Protection Philippines (2017 - 2021) and Head of Marketing of Philam Life and General Insurance (AIA Philippines) (2014 - 2015), and Sales and Marketing Director, Alternate Distribution, PT Asuransi Jiwa Sinarmas MSIG, Indonesia (2005 - 2014).

Mr. Javier earned a Bachelor of Science in Mathematics and a Master of Science in Applied Mathematics (Actuarial Science) from the University of the Philippines Diliman. He is an Associate of the Actuarial Society of the Philippines, a Chartered Life Underwriter, and a Chartered Financial Consultant.

Cinderella M. Gernan, Filipino, Vice President and Head of Technology and Data Administration.

Prior to joining Nat Re, Ms. Gernan held key positions at International Administrators Limited, ROHQ (Pacific Cross Group of Companies) as the Vice President-Chief Claims Officer (2021 to 2022) and Head of Business Solutions and Process Re-engineering (2019 to 2021) where she was responsible for the overall strategic, direction, leadership, and management of Pacific Cross Philippines’ claims operations, business solutions, and administration. She previously worked in various roles at AIG including Regional role as Head of Business Engagement driving Contact Center Technology and initiatives such as Contact Center as a Service and First Contact Resolution.

Ms. Gernan has 20+ years of experience in the insurance industry with multiple special focuses on business and operational excellence, process re-engineering, customer service, project management, and change management.

Ms. Gernan earned a Bachelor of Science in Accountancy from the St. Paul College of Manila and has earned units for her Master’s Degree in Business Administration (Regis Program) at the Ateneo Graduate School of Business.

Daisy C. Salonga, Filipino, Vice President and Head of Investments.

Ms. Daisy Salonga joined the Company in 2011 as portfolio manager and was promoted as Head of Investments in 2017. Prior to joining the Company, Daisy held various executive positions in Treasury covering foreign exchange, fixed income, sales and market studies in leading financial institutions like Citibank N.A., Credit Agricole Indosuez Offshore Bank Manila, China Banking Corporation and Greenwich Associates. She was nominated as one of the Most Astute Investors in the Philippine Peso Bonds by The Asset Benchmark Research for 3 consecutive years from 2012 to 2014.

Ms. Salonga earned her degree in Bachelor of Science in Commerce, major in Business Management from De La Salle University.

Jacqueline Michelle C. Dy, Filipino, Vice President and Head of Risk and Compliance.

Ms. Jacqueline Dy, Vice President and Head of Risk and Compliance, is a Certified Public Accountant, an Associate in Risk Management – ERM, and an Associate, Life Management Institute. Other past experience: Head of Internal Controls of AXA PH; Senior Manager of PwC UK (More London office, Regulatory Consulting, and Assurance); and various roles with PwC Bermuda.

Ms. Dy obtained her Bachelor of Science in Accountancy from De La Salle University, Manila.

Santino U. Sontillano, Filipino, Senior Assistant Vice President and Head of Finance.

Mr. Santino Sontillano is a Certified Public Accountant. Prior to joining Nat Re in January 2016 as Head of Internal Audit, Mr. Sontillano worked with various big 4 auditing firms in the Philippines, Singapore and Bermuda.

He obtained his degree in Bachelor of Science in Accountancy from Ateneo de Zamboanga.

Regina Lourdes D. Papa, Filipino, Senior Assistant Vice President and Head of Human Resources and Office Services

Ms. Regina Lourdes D. Papa joined the Company in February 2011 as Head of Human Resources and assumed additional function as Office Services Head in 2018. She has over twenty-five years of experience in Human Resources Talent Acquisition, Learning and Development, Compensation Planning and Administration, Performance Management and Employee Relations. Prior to her current role in Nat Re, she served as Treasurer and Managing Director of Integral Consultants, Inc., spearheading business planning and overseeing the company’s career management group operations. She also designed and conducted Management and soft skills training programs as a Human Resources Management Consultant. As an Assistant Vice President at Mapfre Asian Insurance Corporation, she was responsible for formally setting up the company’s Human Resources Management Department as well as providing strategic advice on organization development initiatives. Ms. Papa obtained her Bachelor of Science Degree, Major in Psychology, from St. Paul University, Quezon City.

Annual Training of Directors and Key Officers:

Name of Director/Officer	Date of Training	Program	Name of Training Institution
1. Jose Arnulfo A. Veloso (Chairman, July 2022 – February 2023)	September 1-2, 2022	Corporate Governance Orientation Program for GOCC’s	Institute of Corporate Directors
2. Evelina G. Escudero (Chairman, March 2023 up to Present)	October 1-2, 2022	Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors

Name of Director/Officer	Date of Training	Program	Name of Training Institution
3. Yvonne S. Yuchengco (Vice Chairperson)	October 18, 2022	The Board’s Agenda: Mindset Shifts for a Sustainable and Equitable Future	Institute of Corporate Directors
	November 19, 2022	2022 YGC Annual Corporate Governance Seminar “Going From Good to Great” via zoom	Yuchengco Group of Companies
	May 14, 2021	Risk Management in the age of Covid	Institute of Corporate Directors
	October 29, 2020	Economic Briefing for Insurance Industry Executives	Insurance Institute of Asia and the Pacific
	September 23, 2020	Developing a Roadmap for the Future of Insurance Business	PIRA
	August 28, 2020	Legal Form: Too Good to Be True – A Discussion on Investment Scams and How to Avoid and Deal with them	Malayan Insurance Company
	August 3, 2020	Opportunities in the Changing Directors & Officers Insurance Landscape	Nat Re
	July 7, 2020	Survive and Thrive: Digital Transformation Necessary in the New Normal	Institute of Corporate Directors
	June 18, 2019	Revised Corporation Code	Institute of Corporate Directors
	October 26, 2019	Annual CG Seminar for Directors and Key Officers	RCBC Group
October 27, 2018	Annual CG Seminar for Directors and Key Officers	RCBC Group	
4. Allan R. Santos (Director, President and CEO)	June 23, 2022	Philippine Insurance Summit	Insurance Institute for Asia and the Pacific
	October 27, 2022	Sustainability and Ethics (Anti-Bribery & Fraud Prevention)	Willis Towers Watson and Good Governance Advocates and Practitioners of the Philippines

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	October 31 to November 3, 2022	Singapore International Reinsurance Conference	Singapore Reinsurers' Association
	October 15, 2021	4 th ASEAN Reinsurance Working Committee Meeting	ASEAN Reinsurance Working Committee
	October 26, 2021	4 th ASEAN Insurance Summit	ASEAN Insurance Council
	October 28-30, 2020	46th ASEAN Insurance Council and Regulators Meeting	ASEAN Insurance Council
	October 8, 2020	ASEAN Reinsurance Working Committee Meeting	ASEAN Reinsurance
	June 18, 2019	Revised Corporation Code	Working Committee
	September 20, 2019	Annual Technical Forum	Institute of Corporate Directors
	October 9-11, 2019	19 th Reinsurance Summit	Nat Re
	November 26-29, 2019	45th ASEAN Insurance Council Meeting (Myanmar)	Taiping Reinsurance Co. Ltd
	May 6-9, 2018	29th East Asian Insurance Congress (EAIC)	ASEAN Insurance Council
	June 8, 2018	CEO Forum 2018: Harnessing the Power of People and Technology	Philippine Insurers and Reinsurers Association (PIRA) and EAIC
	September 3, 2018	Training on IFRS 17	PIRA
	September 14, 2018	4th Annual Non-life and Life Technical Forum	Nat Re
	October 18, 2018	Training on IFRS 17	PIRA
	November 15-16, 2018	59th Actuarial Society of the Philippines (ASP) Annual Convention	Nat Re
	November 28, 2018	Association of Southeast Asian Nations (ASEAN) Insurance Summit	Actuarial Society of the Philippines

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	December 6, 2018	Sustainability Reporting and Audit Committee Effectiveness	Actuarial Society of the Philippines
5. Joli Co Wu (Director, Treasurer)	October 27, 2022	Sustainability and Ethics (Anti-Bribery & Fraud Prevention)	Willis Towers Watson and Good Governance Advocates and Practitioners of the Philippines
	July 15, 2021	Building Better Bankers: Fostering a Stronger KYE Program	Association of Bank Compliance Officers, Inc.
	September 23, 2020	Developing a Roadmap for the Future of Insurance Business	PIRA
	August 26, 2020	Best Practices to Manage ML/TF Risks Arising from Online Sexual Exploitation of Children Coursed Thru Banks / MSBs (Webinar Series on ML/TF Typologies)	Association of Bank Compliance Officers, Inc.
	September 20, 2019	Annual Technical Forum	Nat Re
	June 8, 2018	CEO Forum	Nat Re
6. Rafael G. Ayuste, Jr. (Director)	July 20, 2022	2022 Annual Corporate Governance Seminar: Sustainability and the Role of Boards and Geopolitical Risks	BDO Unibank, Inc
	August 16, 2021	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards Can Do Against Ransomware Attacks	Institute of Corporate Directors
	September 20, 2020	Anti-Money Laundering – AML and Counter Terrorism Financing	SGV
	March 6, 2020	2020 Corporate Governance Seminar	BDO Unibank, Inc.
	June 18, 2019	Revised Corporation Code	Institute of Corporate Directors
	December 13, 2018	Corporate Governance Wrap-up	GGAPP
7. Antonio M. Rubin (Director)	October 27, 2022	Sustainability and Ethics (Anti-Bribery & Fraud Prevention)	Willis Towers Watson and Good Governance

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	August 16, 2021	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards Can Do Against Ransomware Attacks	Advocates and Practitioners of the Philippines Institute of Corporate Directors
	September 23, 2020	Developing a Roadmap for the Future Insurance Business	PIRA
	October 26, 2019	Annual CG Seminar for Directors and Key Officers	RCBC Group
	February 13, 2018	Distinguished Corporate Governance	Institute of Corporate Directors
	June 8, 2018	CEO Forum	Nat Re
8. Maria Consuelo A. Lukban (Director)	October 27, 2022	Sustainability and Ethics (Anti-Bribery & Fraud Prevention)	Willis Towers Watson and Good Governance Advocates and Practitioners of the Philippines
	September 27, 2021	The Philippines FATF Journey: from Technical Compliance to Effectiveness	Association of Bank Compliance Officers, Inc.
	September 2020	Refresher on Anti-Money Laundering and Terrorist Financing	SGV – EY
	August 9, 2019	Advanced Corporate Governance Training	Ayala Group
	September 10, 2018	Ayala Group Corporate Governance & Risk Management Summit	Ayala Group
9. Reginaldo Anthony B. Carioso (Director)	March 1, 2022	Economic Outlook for 2022: Looking beyond the pandemic endgame	The Manila Times
	March 4, 2022	The Future of Leadership is Artfully Managing Across Cultures	MAP

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	April 22, 2022	Strategic Human Resources: How to Thrive and Prosper in the Talent Economy	MAP
	May 26, 2022	Financial Services in the Cloud: A Webinar with Regulators and Financial Institutions	AMCHAM
	May 31, 2022	2022 Board and Audit Committee Priorities	KPMG
	July 5, 2022	Empowering Leaders, Inspiring Transformational Excellence (BPI Elite Summit)	BPI
	August 2, 2022	Ayala Group Economic and Treasury Summit 2022	Ayala
	September 26-29, 2022	BPI Digital Leadership Masterclass - Singapore	BPI
	October 13, 2022	Empowering Industries through Digital Transformation (Webinar)	AMCHAM
	October 18, 2022	2022 Ayala Integrated Corporate Governance, Risk Management, and Sustainability Summit	Ayala
	November 24, 2022	Navigating the Shifting Landscape: A Briefing on Global and Local Economic Outlook, Opportunities, and Risks	BPI
	October 28, 2021	Corporate Governance Under the Revised Corporation Code	Ateneo Law Alumni Association, Inc.
	November 23, 2020	Spark 7 Series – Spark 7 Transform: Culture by Design	Ayala Corporation
	November 10, 2020	2020 Integrated Corporate Governance, Risk Management and Sustainability Summit	Ayala Corporation
	September 30, 2020	Executive Session on Anti-Money Laundering and Financial Crime Compliance	SGV
	September 20, 2020	Anti-Money Laundering and Financial Crime Compliance	SGV

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	August 26, 2020	Best Practices to Manage ML/TF Risks Arising from Online Sexual Exploitation of Children	Association of Bank Compliance Officers, Inc.
	July 14, 2020	Landscape and Control Mechanisms for Business Crimes and Fraud	MAP
	June 23, 2020	Survive and Thrive: Finance Business Restructuring and after a Crisis	Institute of Corporate Directors
	September 25, 2019	Enhancing Board Performance	Institute of Corporate Directors
10. Alan R. Luga (Director)	March 30-31, 2022	Corporate Governance Orientation Program for GOCCs	Institute of Corporate Directors
11. Jocelyn DG Cabreza (Director)	February 16, 2022	AML A Seminar	Institute of Corporate Directors
	April 22, 2022	Enhanced Corp. Governance Guidelines	BAIPHIL
	June 28, 2021	IC-ICD-GGAPP Roundtable Discussion for IC Regulated Entities	Institute of Corporate Directors
	July 28, 2020	GSIS Strategic Planning	GSIS
	June 18, 2019	Revised Corporation Code	Institute of Corporate Directors
	December 6, 2018	Sustainability Reporting and Audit Committee Effectiveness	SGV & Co.
12. Medel T. Nera (Lead Independent Director)	August 23, 2022	Advance Corporate Governance Training (for Holcim Phils., Inc.)	Institute of Corporate Directors
	October 18, 2022	The Board's Agenda: Mindset Shift for a Sustainable and Equitable Future	Institute of Corporate Directors
	November 19, 2022	2022 YGC Corporate Governance Seminar "Going from Good to Great"	Yuchenco Group of Companies

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	December 13, 2022	Corporate Governance Seminar (for Ionics, Inc.)	SGV & Co.
	June 1, 2021	Annual Corporate Governance Training Program for Holcim Phils.	Institute of Corporate Directors
	September 23, 2020	BSP Supervisory Assessment Framework to Replace the CAMELS and ROCA Rating Systems for BSP-Supervised Financial Institutions	Association of Bank Compliance Officers, Inc.
	October 26, 2019	Annual CG Seminar for Directors and Key Officers	RCBC Group
	October 27, 2018	Annual CG Seminar for Directors and Key Officers	RCBC Group
13. Roberto G. Manabat (Independent Director)	August 5, 2022	Technology for Directors	Institute of Corporate Directors
	October 20, 2022	Distinguished Corporate Governance Speaker Series: Getting the Right Tool for ESG Compliance and Governance	Institute of Corporate Directors
	September 3, 2021	Distinguished Corporate Governance Speaker Series for Unionbank - Singapore Institute of Corporate Directors	Institute of Corporate Directors
	September 29, 2021	Corporate Governance Orientation Program	Institute of Corporate Directors
	October 6-8, 2021	21st Annual National Convention	Association of Certified Public Accountants in Private Practice
	November 22, 2021	Corporate Governance	SGV
14. Rex Maria A, Mendoza (Independent Director)	October 18, 2022	The Board's Agenda: Mindset Shifts for a Sustainable and Equitable Future	Institute of Corporate Directors
	October 21, 2021	Ayala Integrated Corporate Governance, Risk Management and Sustainability Summit	Institute of Corporate Directors

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	November 10, 2020	2020 Integrated Corporate Governance, Risk Management and Sustainability Summit of Ayala Corporation	Ayala Corporation
	August 9, 2019	Advanced Corporate Governance Training	Ayala Group
15. Atty. Noel A. Laman	March 21, 2022	Fundamentals of Money Laundering and Terrorism Financing and Overview of Risk Management System and Preventive Measures	Anti-Money Laundering Council
	July 14, 2021	Continuing Agency Education Program Webinar	POEA
	April 11, 2019	2019 Revised Corporation Code of the Philippines	Center for Global Best Practices
16. Atty. Ma. Pilar P. Gutierrez	March 21, 2022	Capacity Building Top Level Learning Module Designated Non-Financial Businesses and Professions Fundamentals of Money Laundering and Terrorism Financing and Overview of Risk Management System and Preventive Measures	Mr. Dante Fuentes, accredited Anti-Money Laundering Council (AMLC) trainer
	May 27, 2022	2022 SEC Communication, Advocacy and Network Webinar Series – As Easy as SEC: How to File Annual Reports	Securities and Exchange Commission (SEC)
	June 13, 17, 20 & 24, 2022	2022 SEC-GRI Workshop Series	SEC & GRI
	October 27, 2022	Anti-Fraud Session	Good Governance Advocates & Practitioners of the Philippines (GGAPP)
	November 25, 2022	9th SEC-PSE Corporate Governance Forum	SEC & PSE
	August 18, 2021	Updates and Guidance on Sustainability Reporting for	SEC & GRI

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	November 19, 2020	Philippine Publicly-Listed Companies 7 th SEC-PSE Corporate Governance Forum	SEC and PSE
	September 9, 2020	POEA Continuing Agency Education Program Seminar	POEA
	August 12, 2020	SECuring the Philippine Capital Market and Business Sector	SEC
	March 19, 2020	The Who's, What's, When's, and Why's of SEC Reportorial Requirements of Corporations	SEC
	August 29, 2019	Finer Points of Good Governance under the Revised Corporation Code	Financial Executives Institute of the Philippines (FINEX)
	June 18, 2019	Revised Corporation Code	Institute of Corporate Directors
17. Jaime Jose M. Javier (Senior Vice President)	October 27, 2022	Anti-Fraud Session	Good Governance Advocates and Practitioners of the Phils
	November 9-10, 2021	Corporate Governance Orientation Program	Institute of Corporate Directors
18. Jacqueline Michelle C. Dy (Vice President)	April 25, 2022	Corporate Governance Seminar	Philippine Chamber of Commerce and Industry
	July 22, 2022	Targeted Financial Sanctions (TFS) Webinar for Covered Persons	Anti-Money Laundering Council
	October 27, 2022	Anti-Fraud Session	Good Governance Advocates and Practitioners of the Phils
	November 22, 2022	9 th SEC PSE Corporate Governance Forum	SEC & PSE
19. Cinderella M. Gernan (Vice President)	October 27, 2022	Anti-Fraud Session	Good Governance Advocates and Practitioners of the Phils.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	November 14, 15, 17, 18 and 21 2022	Customized Microsoft Excel 2019	Mapua University
	September 21 and 22, 2022	East Asian Insurance Congress 2022	Asia Insurance Review
	September 23, 2022	Annual Technical Forum	National Reinsurance Corporation of the Philippines
20. Daisy C. Salonga (Vice President)	February 18, 2022	The Path Forward: Future-proof your portfolio with sustainable investing	BPI-AMTC
	October 19, 2021	16th Philippine Summit: Reviving Paths to Recovery	The Asset
	December 10, 2020	The 4 Essential Roles of Leadership	Franklin Covey
	August 5, 2020	Managing in the Recession – The Challenge for Economic Resilience Amidst Covid-19	Ateneo de Manila University
	June 18, 2019	Annual Technical Forum	Nat Re
	June 8, 2018	CEO Forum	Nat Re
	December 7, 2017	Corporate Governance	SGV & Co.
	September 15, 2017	CEO Forum on Insurance Regulations & Governance	Insurance Commission and Institute of Corporate Directors
21. Santino U. Sontillano (Vice President)	April 25, 2022	Corporate Governance Seminar	Philippine Chamber of Commerce and Industry
	Aug. 22-23, 25-26, Sep 1-2, 2022	PFRS 17	SGV & Co.
	October 17, 2022	PFRS 9	SGV & Co.
	October 27, 2022	Anti-Fraud Session	Good Governance Advocates and

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	August 6, 2021	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards Can Do Against Ransomware Attacks	Practitioners of the Phils Institute of Corporate Directors
	December 10, 2020	The 4 Essential Roles of Leadership	Franklin Covey
	September 20, 2019	Annual Technical Forum	Nat Re
	December 6, 2018	Sustainability Reporting and Audit Committee Effectiveness	SGV & Co.
22. Regina Lourdes D. Papa (Senior Assistant Vice President)	October 27, 2022	Anti-Fraud Session	GGAPP
	July 15, 2021	Building Better Bankers: Fostering a Stronger KYE Program	Association of Bank Compliance Officers, Inc.
	December 10, 2020	The 4 Essential Roles of Leadership	Franklin Covey
	June 10, 2020	Leadership & HR Development in Crisis Situation	Employers Confederation of the Philippines
	September 10, 2019	Annual Technical Forum	Nat Re

(d) Independent Directors.

Mr. Medel T. Nera, Mr. Rex Maria A. Mendoza and Mr. Roberto G. Manabat are currently the Corporation's Independent Directors. Messrs. Nera, Mendoza and Manabat have been an Independent Director since July 2011, June 2019 and June 2021, respectively. Conversely, the Board provides justification (please refer to Annex A) for the re-election of Mr. Nera as an Independent Director and the same will be submitted for approval of the stockholders.

For the year 2023 - 2024, the Corporation intends to have a total of three (3) independent directors. The Final List of Candidates for Independent Directors (Annex A) includes:

1. Mr. Medel T. Nera, who was nominated by Amerfil V. Basco;
2. Mr. Rex Ma. A. Mendoza, who was nominated by Honorata Lucos; and
3. Mr. Roberto G. Manabat, who was nominated by Vicente B. Villarama.

The nominees for independent directors are not related to the person who have nominated them as such. The three (3) nominees for Independent Directors were selected by the Board Nomination Committee in accordance with the guidelines in the Manual of Corporate Governance, the Insurance Commission Circular No. 31-2005 dated September 26, 2005, the Revised Code of Corporate Governance for Publicly Listed Companies (SEC Memorandum Circular No. 19, Series of 2016), and the Guidelines on the nomination and election of Independent Directors (SRC Rule 38). The Nomination and Compensation Committee is composed of the following:

Chairman:	Reginaldo Anthony B. Cariaso
Vice Chairman:	Yvonne S. Yuchengco
Members:	Roberto G. Manabat (Independent Director) Joli Co Wu Evelina G. Escudero

(e) Other directorships held in reporting companies naming each company.

Rex Maria A. Mendoza	Globe Telecom AyalaLand Logistics Holdings Corp Ayala Land, Inc.
Yvonne S. Yuchengco	iPeople Inc. Seafront Resources Corporation, House of Investments, Inc. Petro Energy Resources Corporation
Medel T. Nera*	House of Investments, Inc. Seafront Resources Corporation iPeople, Inc. EEI Corporation Ionics, Inc. Holcim Philippines, Inc.
Roberto G. Manabat	Union Bank of the Philippines

Roberto G. Manabat, Rex Maria A. Mendoza and Medel T. Nera are currently the Corporation's Independent Directors. To be considered an independent director under IC Circular Letter No. 31-2005, one: (i) has not been an officer or employee of the company for the last three years immediately preceding his term or incumbency; (ii) is not related by consanguinity or affinity to an officer in a senior management position in the company; and (iii) does not provide services and receives no income for other professional services to the company. The Corporation has no transactions with any of its independent directors, Messrs. Manabat, Mendoza and Nera.

**A justification for the re-election of Mr. Medel T. Nera as an Independent Director of Nat Re for the Term 2023-2024 is presented under Annex A.*

(f) Family Relationship

There is no family relationship up to the fourth civil degree, either by consanguinity or affinity, among directors, executive officers, or nominees for election as directors.

(g) Resignation/Re-election

Since the last annual stockholders' meeting of the Corporation, no Director has resigned or declined to stand for reelection to the Board of Directors of the Corporation because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

(h) Involvement in Legal Proceedings

To the best of the Corporation's knowledge, there has been no occurrence during the past 5 years up to the present date of this Information Statement of any of the following events that are material to an evaluation of the ability and integrity of any director, any nominee for election as director, executive officer, or controlling person of the Corporation:

- Any bankruptcy petition filed by or against any business of which the person was a general partner or executive officer, either at the time of the bankruptcy or within 2 years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

The Company, on the other hand, is presently a party to the following legal cases:

1. Oriental Assurance Corp. v. National Reinsurance Corporation of the Philippines and CBR Asia Insurance Brokers, Inc.

Civil Case No. 73975

Regional Trial Court, Branch 157, Pasig City

This is a complaint for a sum of money and damages filed by Oriental Assurance Corp. (“OAC”) against NRCP and CBR Asia Reinsurance Brokers, Inc. (“CBR Asia”).

While NRCP has paid the P100,000,000.00 maximum limit under the Reinsurance Policy, OAC has demanded a further sum of P7,986,422.67 representing “Sue and Labor” expenses allegedly incurred for the salvage of the vessel. NRCP has denied liability, citing the fact that its liability under the Reinsurance Policy cannot exceed P100,000,000.00.

This case is now at the trial stage. OAC has finished the presentation of its evidence-in-chief. Meanwhile, NRCP has presented its first witness, Mr. Wilmar Magalona, on January 27, 2023. The next trial is scheduled on June 16, 2023.

2. National Reinsurance Corporation v. Oriental Assurance Corp.

Civil Case No. R-MKT-23-00049-CV

Regional Trial Court, Branch 56, Makati City

On January 13, 2023, the Corporation filed its Complaint dated January 10, 2023 against Oriental Assurance Corporation (OAC) to recover US\$394,142.97 (OAC’s share of the loss under the Marine Hull Reinsurance for M/V Full King, which it accepted through the Retrocession Policy), as actual damages, with interest at 6% per annum from the date of first extrajudicial demand until fully paid, in addition to a claim for damages, attorney’s fees and cost of suit.

On April 11, 2023, the Corporation received OAC’s Answer with Compulsory Counterclaim dated March 31, 2023 (“Answer”), after which the Corporation filed its Reply on April 26, 2023. The case is pending to date.

3. Final Assessment Notice for 2012 Deficiency Value Added Tax

Bureau of Internal Revenue

On December 29, 2015, NRCP received a Preliminary Assessment Notice (“PAN”) from the VAT Audit Group of the Bureau of Internal Revenue (“BIR”) Large Taxpayers Service informing it of an alleged deficiency Value Added Tax amounting to P28,073,470.03 plus P 16,444,131.21 in interest (from January 26, 2013 to December 31, 2015) for the taxable period from July 1, 2012 to December 31, 2012, or a total of P44,517,601.24, plus compromise penalty of P50,000.00.

Based on the PAN, the assessments arose from NRCP’s alleged failure to pay VAT on the sale of some items of property plant and equipment (PPE) and taxable interest income, the disallowance of input tax on current purchases for alleged lack of substantiation, the disallowance of input tax from purchases from non-VAT suppliers, the reallocation of a specific portion of NRCP’s input tax credits to exempt sales, and the disallowance of input tax carried over to the next period.

On January 13, 2016, NRCP sent a reply letter to the BIR contesting the PAN. The following day, the BIR Large Taxpayers Service issued its Formal Letter of Demand (or Formal Assessment Notice/FAN) reiterating the assessments stated in the PAN with interest penalty updated to January 31, 2016.

On February 12, 2016, the Company filed a Protest to contest the assessment. For practical considerations, the Company paid the deficiency VAT of PHP 4,189,869.25, interest of P2,571,317.02, and compromise penalties of P50,000.00, or the aggregate amount of P6,811,186.27 on February 18, 2016.

On September 14, 2016, the Company received the Final Decision on Disputed Assessment (FDDA) dated September 13, 2016 (on the Protest) that was issued by OIC-Assistant Commissioner Teresita M. Angeles. The FDDA considered some of the arguments raised in the Protest and imposed upon the Company deficiency VAT in the reduced amount of P32,693,610.62, inclusive of interest.

On October 14, 2016, the Company filed with the Commissioner of Internal Revenue (“CIR”) a request for reconsideration. The request is still pending resolution.

On September 14, 2016, the Company received the Final Decision on Disputed Assessment (FDDA) dated September 13, 2016 (on the Protest) that was issued by OIC-Assistant Commissioner Teresita M. Angeles. The FDDA considered some of the arguments raised in the Protest and imposed upon the Company deficiency VAT in the reduced amount of P32,693,610.62, inclusive of interest.

On October 14, 2016, the Company filed with the Commissioner of Internal Revenue (“CIR”) a request for reconsideration. The request is still pending resolution.

4. Petition for Review of 2016 Deficiency Value-Added Tax

Court of Tax Appeals

On December 29, 2021, the Company received the FDDA for VAT deficiency in the amount of P53.1 million for the taxable year 2016, inclusive of interest amounting to P20.6 million, signed by the Commissioner of Internal Revenue. The Company continues to dispute the assessment and has filed a Petition for review dated February 2, 2022 with the Court of Tax Appeals (CTA).

While the Petition has yet to be heard by the CTA, the BIR on March 11, 2022, served to the Company a Warrant of Distraint and/or Levy (WDL), authorizing the BIR to collect the disputed 2016 VAT deficiency. Subsequently, on March 17, 2022, the BIR served the Warrant of Garnishment to a local bank where the Company maintains an account sufficient to cover the amount specified in the WDL and on the Warrant of Garnishment. On 20 April 2022, BIR collected the amount of the assessment from the garnished bank account.

The Company filed on March 14, 2022 an Urgent Motion to Lift the Warrant of Distraint and/or Levy, and Suspend Tax Collection. On 25 July 2022 the Court resolved to deny the said motion. On 17 August 2022, the Company has filed a motion for reconsideration of the said denial. As at December 31, 2022, the CTA has not ruled on the motion.

5. Other 2018 Revenue Taxes

On March 31, 2023, the Company received the FLD for other internal revenue taxes in the amount of P41.14 million for the taxable year 2018, inclusive of interest and compromise penalties. As of date, the Company is addressing the matters raised in the FLD.

6. Petition for Review 2017

The Company, through its tax advisor (PwC), received the BIR's Final Decision on Disputed Assessment (FDDA) on 27 April 2023. The FDDA reiterated the alleged VAT deficiency amounting to PhP54,035,930.96 inclusive of interest and penalties arising from the disallowance of input VAT.

The Company disagrees with the assessment and has caused the FDDA to be appealed to the Court of Tax Appeals (CTA) within thirty (30) days from the receipt thereof or on or before 27 May 2023. The appeal will be filed together with a motion for the issuance of a temporary restraining order (TRO) and/or preliminary injunction to enjoin the BIR from enforcing collection through a warrant of distraint and levy (WDL) and/or writ of garnishment.

(i) Significant employees

Although the Corporation has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team, the Corporation is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

(j) Certain Relationships and Related Transactions

The Company's corporate governance manual provide that related party transactions shall be fully disclosed and conducted on terms that are comparable to normal commercial practices to safeguard the best interest of the Corporation and its stakeholders.

The following table show (in millions of Philippine Pesos) **premiums, retrocession and related income and expense accounts** between the Corporation, its Principal Shareholders, related parties under common ownership and companies represented by other members of the Board of Directors. For 2022 and 2021 information (refer to Note 28 of the accompanying audited financial statements):

Shareholder/Related Party / Director Corporation	2022					
	In Million PHP	Premiums	Commission Expenses	Retrocession	Commission Income	Losses Incurred
GSIS	-	-	(0.0)	-	(0.6)	1.6
BPI AIA	103.5	1.1	-	-	-	-
BPI/MS Insurance	52.9	9.0	-	-	28.0	-
FLT Prime Insurance	-	-	-	-	-	-
Total BPI Group	156.4	10.1	-	-	28.0	-
Sunlife GREPA Financial	17.8	-	-	-	-	-
Malayan Insurance	140.3	16.5	-	-	245.6	-
Total Malayan Group	158.1	16.5	-	-	245.6	-
GRAND TOTAL	314.5	26.6	(0.0)	-	273.0	1.6

Shareholder/Related Party / Director Corporation	2021					
	In Million PHP	Premiums	Commission Expenses	Retrocession	Commission Income	Losses Incurred (Reversal)
GSIS	(0.0)	(0.0)	(0.0)	-	25.8	(6.2)
BPI-Philam Life	50.0	1.0	-	-	47.8	-
BPI/MS Insurance	45.4	11.9	-	-	21.1	-
FLT Prime Insurance	-	-	-	-	-	-
Total BPI Group	95.4	12.9	-	-	68.9	-
Sunlife GREPA Financial	14.5	-	-	-	-	-
Malayan Insurance	123.2	18.0	-	-	-	-
Total Malayan Group	137.7	18.0	-	-	-	-
GRAND TOTAL	233.1	30.9	(0.0)	-	94.7	(6.2)

The following tables show (in millions of Philippine Pesos) **reinsurance balances receivable from and payable to related parties** as a result of the above transactions as of December 31, 2022 and 2021 (refer to Note 28 of the accompanying audited financial statements):

Shareholder/ Related Party/Director Corporation	2022						
	In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Losses and claims Payable	Due to Retrocessionaire	Funds held for retro
GSIS		0.1	6.3	-	145.5	-	-
BPI AIA		61.3	-	-	47.8	7.2	-
BPI/MS Insurance		34.3	-	-	408.0	-	-
Total BPI Group		95.6	-	-	455.8	7.2	-
Malayan Insurance		52.2	-	-	326.5	-	-
Total Malayan Group		52.2	-	-	326.5	-	-
GRAND TOTAL		147.9	6.3	-	927.8	7.2	-

Shareholder/ Related Party/Director Corporation	2021						
	In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Losses and claims Payable	Due to Retrocessionaire	Funds held for retro
GSIS		(0.0)	8.5	-	192.6	(0.0)	-
BPI-Philam Life		80.2	-	-	47.8	6.7	-
BPI/MS Insurance		9.3	-	-	415.5	-	-
Total BPI Group		89.5	-	-	463.3	6.7	-
Malayan Insurance		15.3	-	-	111.9	-	-
Total Malayan Group		15.3	-	-	111.9	-	-
GRAND TOTAL		104.8	8.5	-	767.8	6.7	-

In addition to the foregoing, the Corporation has entered into agreements with the following:

1. *Custodianship Agreement:* The Corporation entered into a Custodianship Agreement with the BPI Wealth for purposes of opening and maintaining a custodianship account with BPI Wealth over certain securities owned by the Corporation. BPI Wealth acts as a depository of such securities. For services rendered, BPI Wealth is entitled to the custodianship fees based on the value of the securities held. The Agreement shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

2. *Investment Management Agreement.* The Corporation entered into separate Investment Management Agreement with BPI Wealth, Rizal Commercial Banking Corporation (RCBC), and China Banking Corporation (China Bank) for purposes of investing a portion of the Company's investible funds. BPI Wealth, RCBC and China Bank, as Investment Managers shall invest and reinvest the funds deposited with them through an investment management account. As compensation for services, BPI Wealth, RCBC and China Bank shall be entitled to collect such reasonable compensation to be paid out of the respective funds maintained. The respective Agreements shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

3. *Retirement Fund Agreement.* The Board of Trustees of the National Reinsurance Corporation Employees Retirement Plan entered into a separate Trust Agreement with BPI Wealth and RCBC, to manage and administer the Corporation's retirement fund and to make such investments or reinvestments of the fund as deemed to be reasonable or advisable. As compensation for its services, BPI Wealth and RCBC shall be entitled to collect such reasonable compensation to be paid out of the respective funds maintained. The respective Agreements shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

There are no other parties, aside from the related parties discussed herein, with whom the Corporation has a relationship, being a stockholder and a related party under common ownership, that enables the parties to negotiate terms of material transactions that may not be available to other more clearly independent parties on an arm's length basis.

(k) Disclosure under Section 49 of the Revised Corporation Code, on disclosure pertaining to Directors Disclosures on Self-Dealing and Related Party Transactions

Directors and officers of the Corporation did not have any dealing in the company's shares nor did they engage in any related party transactions during the year 2022.

Item 6. Compensation of Directors and Executive Officers

ANNUAL COMPENSATION IN PHILIPPINE PESOS

Name	Year	Salary	Bonus	Other annual compensation
CEO and key executive officers named	2019	27,886,186.65	4,663,500.00	14,147,488.19
All other officers and directors as a group unnamed <i>includes retirement pay for 2 officers</i>		13,113,708.60	1,482,050.00	2,242,866.97
CEO and key executive officers named	2020	27,363,732.00	11,167,545.08	5,998,087.57
All other officers and directors as a group unnamed		5,105,146.00		1,416,112.00
CEO and key executive officers named	2021	25,472,275.00	9,370,129.16	11,280,367.56
All other officers and directors as a group unnamed		6,699,115.83		1,326,934.00
CEO and key executive officers named*	2022	28,592,631.00	4,798,352.00	5,870,784.00
All other officers and directors as a group unnamed		12,513,112.85		1,634,018.83
CEO and key executive officers named*	2023 (Estimates)	30,308,188.86	5,086,254.00	5,400,000.00
All other officers and directors as a group unnamed		14,190,722.61		2,045,000.00

*Officers and directors named for 2022 include the following:

1. Allan R. Santos, President and CEO
2. Jaime Jose M. Javier, Senior Vice President and Head, Life Reinsurance
3. Daisy C. Salonga, Vice President and Head, Investments
4. Santino U. Sontillano, Vice President and Head, Finance
5. Jacqueline Michelle C. Dy, Vice President and Head, Risk and Compliance

The Corporation’s Amended By-Laws (Article III, Section 8) provide that such per diem as the Board of Directors may approve shall be paid to each director for attendance at any meeting of the Board; provided however, that nothing herein contained shall be construed to preclude any director from receiving such bonuses, other than per diems, as provided elsewhere in the Corporation’s Amended By-Laws, or from serving in any other capacity and receiving compensation there from, subject to approval thereof by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders’ meeting. In this connection, Section 30 of the Corporation Code of the Philippines states that “in no case shall the total yearly compensation of directors, as such directors, exceed ten percent (10%) of the net income after tax of the corporation during the preceding year.”

The directors of the Corporation currently do not receive any compensation as such directors except for per diems. Each director of the Corporation receives a per diem (net of tax) based on the following schedule for attendance in meetings of the Board of Directors/ Committees:

A. Board Meetings	
Chairman	₱ 50,000
Vice Chairman	45,000
Treasurer	37,500
Independent Director	25,000
Regular Director	25,000

B. Committee Meetings	
Independent Director	₱ 15,000*
Regular Director	15,000*

*As approved during the June 30, 2022 Annual Stockholders Meeting, the increase in the per diem of directors in Committee Meetings effective July 2022 from Php 8,000 to Php 15,000.

For the year 2022, the directors of the Corporation received the following per diems (net of tax):

Name	Per Diem in 2022
Jose Arnulfo A. Veloso	Php 390,000
Wilfredo C. Maldia*	Php 358,000
Yvonne S. Yuchengco**	Php 647,000
Allan R. Santos	Php 371,000
Joli Co Wu	Php 595,000
Nora M. Malubay	Php 346,000
Jocelyn DG Cabreza	Php 369,000
Maria Consuelo A. Lukban**	Php 347,000
Reginaldo Anthony B. Cariaso**	Php 469,000
Antonio M. Rubin	Php 418,000
Rafael G. Ayuste, Jr.	Php 400,000
Rex Maria A. Mendoza	Php 411,000
Roberto G. Manabat	Php 469,000
Medel T. Nera	Php 593,000

* Resigned effective July 27, 2022

**As nominee directors of their respective principals, the said directors received the per diems on behalf of their respective principals.

Aside from the above, and the performance bonus system approved by the stockholders during the June 23, 2008 annual stockholders' meeting, no other resolution relating to director's remuneration has been adopted by the Board of Directors.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

Item 7. Independent Public Accountant

- (a) The auditing firm of R.G. Manabat & Company (KPMG Philippines) will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. Conformably with SRC Rule 68(3)(b)(iv), the Corporation's independent public accountant shall be rotated, or the handling partner shall be changed, every 5 years. A two-year cooling-off period shall be observed in the re-engagement of the same signing partner or individual auditor. Randy Tireso F. Lapidez, audit partner of R.G. Manabat & Company (KPMG Philippines) will be the assigned engagement partner to the Company.
- (b) R.G. Manabat & Company (KPMG Philippines) was the former principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2022).
- (c) Representatives of R.G. Manabat & Company (KPMG Philippines) are expected to be present at the stockholders' meeting to be held on July 5, 2023. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.
- (d) R.G. Manabat & Company (KPMG Philippines) has neither shareholdings in the Corporation nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Corporation. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines.
- (e) There are no disagreements on any matter of accounting principle or practices, financial statement disclosures, etc., between R.G. Manabat & Company (KPMG Philippines) and the Corporation.
- (f) The Company's Audit Committee is composed of the following who are all independent directors:

Chairman:	Mr. Medel T. Nera
Vice-Chairman:	Mr. Roberto G. Manabat
Member:	Mr. Rex Maria A. Mendoza

Item 8. Compensation Plan

There are no items to be taken up with respect to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

There are no issues regarding the issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up with respect to the modification or exchange of the Company's securities.

Item 11. Financial and Other Information

The audited financial statements as of December 31, 2022, Management’s Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company’s financial information are attached hereto as “Annex C.”

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken with respect to any merger, consolidation or acquisition.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any acquisition or disposition of property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with respect to Reports

Summary of Items to be Submitted for Stockholders’ Approval

(1) Approval of the Minutes of the Annual Stockholders’ Meeting held on June 30, 2022

The minutes of the annual stockholders’ meeting held on June 30, 2022 will be submitted for approval of the stockholders at the annual meeting to be held on July 5, 2023. Below is a summary of the items and/or resolutions approved at the annual stockholders’ meeting held on June 30, 2022:

- (a) The Chairman of the Board of Directors of the Corporation called the meeting to order. The Secretary of the meeting certified that a quorum existed for the transaction of business.

The Secretary of the meeting certified that a quorum existed for the transaction of business. The following is a record of the number of shares present via proxy or remote communication:

Number of common shares present:	1,581,113,597 shares
Percentage of the total outstanding common shares present in via remote communication or by proxies:	74.45%
Total number of issued and outstanding capital stock:	2,123,605,600 shares

- (b) The stockholders approved the minutes of the annual stockholders’ meeting held on June 23, 2021 per the following resolution:

Stockholders’ Resolution ASM-2022-01

“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, as they hereby approve the Minutes of the Annual Stockholders’ Meeting held on June 23, 2021.”

- (c) The President of the Corporation presented the management report. He presented the highlights of the performance of the Corporation, the details of which were incorporated into the Corporation's annual report as distributed to the stockholders. The management report included a discussion on underwriting, operations, investment, financial report, outlook and plans. Upon motion duly made and seconded, the management report was approved per the following resolution:

Stockholders' Resolution ASM-2022-02

“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, as they hereby approve the Management Report which includes the 2021 Audited Financial Statements as presented by the President on June 30, 2022.”

- (d) Upon motion duly made and seconded, the stockholders ratified the acts of the officers and the Board of Directors of the Corporation performed or undertaken in the year 2021 and until June 30, 2022, per the following resolution:

Stockholders' Resolution ASM-2022-03

“RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, ratify and confirm, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and Officers made or undertaken in the year 2021 and until the date of this meeting as these are recorded in the books and records of the Corporation.”

- (e) Upon motion duly made and seconded, the accounting firm R.G. Manabat & Co. (KPMG Philippines) was appointed as external auditors of the Corporation for the year 2022.

Stockholders' Resolution ASM-2022-04

“RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, ratify, and confirm, as they do hereby, the appointment of R.G. Manabat & Co. as the external auditors of the Corporation for the year 2022.”

- (f) Upon motion duly made and seconded, the stockholders approved the amendment of the secondary purpose clause (Article II) of the Amended Articles of Incorporation, per the following resolution:

Stockholders' Resolution ASM-2022-05

“RESOLVED, that the Stockholders of National Reinsurance Corporation of the Philippines (the “Corporation”) approve, as it hereby approves, the amendment of the Amended Articles of Incorporation of the Corporation to allow the company to offer capacity or financial protection to Health Maintenance Organizations (“HMOs”) and similar entities, thereby amending the secondary purposes of the Corporation's Amended Articles of Incorporation, to read as follows:

“6. To take on risks from and provide capacity or financial protection to Health Maintenance Organizations (HMOs) and other similar institutions or entities in

accordance with all applicable laws, rules and regulation of the Office of the Insurance Commission and other government agencies.”

RESOLVED, FURTHER, that the directors and officers of the Corporation be authorized, as they are hereby authorized, to sign, execute, and deliver any and all documents which may be required to implement the foregoing resolutions and to secure the approval by the Insurance Commission and the Securities and Exchange Commission of the amendment to the Corporation’s Amended Articles of Incorporation;

RESOLVED, FURTHER, to authorize the law firm of Castillo Laman Tan Pantaleon & San Jose to transact with the Office of the Insurance Commission and the Securities and Exchange Commission with respect to the foregoing application, to cause such revisions to the proposed language of the additional secondary purpose clause as may be required or necessary to obtain the approval thereof by the Insurance Commission and the Securities and Exchange Commission;

RESOLVED, FINALLY, to authorize the Corporation to undertake the activities in the proposed secondary purpose, to offer capacity or financial protection to HMOs and similar entities by providing capacity and financial protection subject to applicable laws, rules and regulation of the Office of the Insurance Commission and other government agencies.”

- (g) Upon motion made and duly seconded, the stockholders approved the increase of the per diem of regular and independent directors in committee meetings, per the following resolution.

Stockholders’ Resolution ASM-2022-06

“RESOLVED, that the stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) approve, ratify, and confirm, as they do hereby, the increase of the per diem of regular and independent directors in attending committee meetings from eight thousand pesos (Php 8,000) to fifteen thousand pesos (Php 15,000), net of tax;

RESOLVED, FURTHER, to authorize the management and proper officers of the Corporation to do such acts and execute all documents which may be required in relation to the foregoing.”

- (g) The following were elected as directors of the Corporation for the current year; to serve as such for a period of one year and until their successors shall have been elected and qualified:

Regular Directors:

Wilfredo C. Maldia
Yvonne S. Yuchengco
Allan R. Santos
Joli Co Wu
Antonio M. Rubin
Maria Consuelo A. Lukban
Reginaldo Anthony B. Cariaso
Jocelyn Dg Cabreza
Nora M. Malubay
Rafael G. Ayuste, Jr.

Independent Directors:

Medel T. Nera
Rex Maria A. Mendoza
Roberto G. Manabat

Stockholders' Resolution ASM-2022-07

“RESOLVED, that the Stockholders of NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES (the “Corporation”) elect, as they hereby elect the following, as directors of the Corporation for year 2022-2023, and until their successors are duly elected and qualified:

Regular Directors:

Wilfredo C. Maldia
Yvonne S. Yuchengco
Allan R. Santos
Joli Co Wu
Antonio M. Rubin
Maria Consuelo A. Lukban
Reginaldo Anthony B. Cariaso
Jocelyn Dg Cabreza
Nora M. Malubay
Rafael G. Ayuste, Jr.

Independent directors:

Medel T. Nera
Rex Maria A. Mendoza
Roberto G. Manabat

- (h) Upon motion made and duly seconded, the stockholders approved the re-election of Mr. Medel T. Nera as independent director for year 2022-2023, per the following resolution:

RESOLVED, that the stockholders of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** (the “Corporation”) approve, ratify, and confirm, the re-election of Mr. Medel T. Nera as independent director for year 2022-2023, and until his successor is duly elected and qualified.

- (i) Upon motion duly made and seconded, the annual stockholders' meeting was adjourned.

Description of Voting and Voting Tabulation Procedures used in the 2022 Annual Stockholders' Meeting

Stockholders of record were allowed to vote by proxy or in absentia through the link provided by the Corporation for the 2022 annual stockholders' meeting. R.G. Manabat (KPMG Philippines) acted as board of canvassers for the subject annual meeting. They had access to the submitted proxies and the online voting portal of the Corporation, and based on the votes submitted, KPMG was able to prepare the official tabulation of votes. Below is a summary of the tabulation of votes as confirmed by KPMG.

Resolutions	Votes Cast			
	In Favor*	Against	Abstain	Total
1. Approval of Minutes of Previous Stockholders' Meeting held on June 23, 2021	1,581,113,597	-	-	1,581,113,597
2. Management Report for the Year Ended December 31, 2021	1,581,113,597	-	-	1,581,113,597
3. Ratification of All Acts of the Board of Directors and Officers during the Preceding Year	1,581,113,597	-	-	1,581,113,597
4. Appointment of External Independent Auditors	1,581,113,597	-	-	1,581,113,597
5. Amendment of the secondary purpose clause (Article II) of the Amended Articles of Incorporation	1,577,568,097	-	3,545,500	1,581,113,597
6. Increase in Directors' Per Diem for Attendance in committee meetings	1,577,568,097	-	3,545,500	1,581,113,597
7. Election of Directors, including the Independent Directors				
i. Wilfredo C. Mardia	1,581,113,597	-	-	1,581,113,597
ii. Yvonne S. Yuchengco	1,581,113,597	-	-	1,581,113,597
iii. Allan R. Santos	1,581,113,597	-	-	1,581,113,597
iv. Joli Co Wu	1,581,113,597	-	-	1,581,113,597
v. Antonio M. Rubin	1,581,113,597	-	-	1,581,113,597
vi. Jocelyn DG Cabreza	1,581,113,597	-	-	1,581,113,597
vii. Nora M. Malubay	1,581,113,597	-	-	1,581,113,597
viii. Rafael G. Ayuste, Jr.	1,581,113,597	-	-	1,581,113,597
ix. Maria Consuelo A. Lukban	1,581,113,597	-	-	1,581,113,597
x. Reginaldo Anthony Cariaso	1,581,113,597	-	-	1,581,113,597
xi. Roberto G. Manabat	1,581,113,597	-	-	1,581,113,597
xii. Medel T. Nera	1,581,113,597	-	-	1,581,113,597
xiii. Rex Maria A. Mendoza	1,581,113,597	-	-	1,581,113,597
8. Re-election of Mr. Nera as Independent Director	1,581,113,597	-	-	1,581,113,597

* For proxy votes wherein votes are neither "Against" or "Abstain", or otherwise not indicated, the votes are cast under "In Favor" in this report.

Description of opportunity given to stockholders to ask questions

The stockholders were encouraged to submit their questions before and during the June 30, 2022 annual stockholders' meeting. The questions raised were responded to by the company during the conduct of the meeting. The questions and answers were likewise provided in the minutes of the June 30, 2022 annual meeting. A copy of the minutes was posted in the company's website as early as July 4, 2022.

List of Directors, Officers, Stockholders and Other Related Attendees who attended the 2022 Annual Stockholders Meeting

Attendance Record of the 2022 Annual Stockholders' Meeting

The following Directors were present:

Wilfredo C. Maldia	Chairman
Yvonne S. Yuchengco	Vice Chairman
Joli Co Wu	Treasurer
Allan R. Santos	Director / President and CEO
Jocelyn DG Cabreza	Director
Nora M. Malubay	Director
Maria Consuelo A. Lukban	Director
Reginaldo Anthony B. Cariaso	Director
Rafael G. Ayuste	Director
Antonio M. Rubin	Director
Roberto G. Manabat	Independent Director
Medel T. Nera	Independent Director

The following Officers of the Company were present:

Noel A. Laman	Corporate Secretary
Ma. Pilar P. Gutierrez	Assistant Corporate Secretary
Jaime Jose M. Javier	Head of Life Reinsurance
Santino U. Sontillano	Head of Finance
Regina Lourdes D. Papa	Head of Human Resources and Office Services
Jacqueline Michelle C. Dy	Head of Risk and Compliance

The following shareholders were represented as follows:

Number of common shares present	1,581,113,597 shares
Percentage of the total outstanding common shares present via remote communication or by proxies:	74.45%

Other attendees:

Tireso Randy F. Lapidez	External Auditor / Board of Canvasser (KPMG)
Ralph Daniel R. Ramos	Internal Audit Head (Nat Re)
Trixie Ann Nepomuceno	Stock Transfer Agent representative

(2) *Ratification of the Acts of the Board of Directors and Officers*

Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day-to-day operations of the Company as contained or reflected in the minute books, annual report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving approval of the budget for the current year, approval of all investment-related transactions, treasury matters requiring the opening of accounts and authorization of bank transactions, approval of bank signatories and related updates or amendments thereof, engagement of consultants, manpower related decisions, approval

of financial reports, election of new directors and related changes in the members of the various Board committees, among others. Specifically, these resolutions include the following:

- a) Acceptance of the resignation of Mr. Wilfredo C. Maldia as director and Chairman of the Board of Directors of the Corporation, effective July 27, 2022;
- b) Approval of the nomination and election of Mr. Jose Arnulfo A. Veloso as Director of the Corporation, effective July 28, 2022, thereby replacing Mr. Wilfredo C. Maldia;
- c) Approval of the appointment of Mr. Jose Arnulfo A. Veloso as member of the Nomination and Compensation Committee, Underwriting Committee, and Investment & Budget Committee;
- d) Approval of the appointment of Mr. Jose Arnulfo A. Veloso as Chairman of the Board, effective July 28, 2022, thereby replacing Mr. Wilfredo C. Maldia;
- e) Approval of the unaudited Financial Statements of the Corporation for the period ended June 30, 2022, for submission to the relevant regulatory bodies;
- f) Authority to negotiate and conclude a Credit Line Agreement with Petron Corporation and to sign for and in behalf of the Corporation said Credit Line Agreement and /or such instruments of understanding;
- g) Guarantee for all Petron Fleet Cards issued to the Corporation;
- h) Approval of the designation of authorized signatories for SMART / PLDT and Globe Telecom, Inc for telecommunications requirements of the Corporation;
- i) Approval of the establishment of the National Reinsurance Corporation of the Philippines Investment Management Agreement (“IMA”) and appointment and opening of an IMA account with China Banking Corporation-Trust and Asset Management Group as Fund Manager of National Reinsurance Corporation of the Philippines to hold, manage and administer the Corporate assets subject to the terms and conditions of the IMA;
- j) Approval of the Unaudited Financial Statements for the period ended September 30, 2022, for submission to the relevant regulatory agencies;
- k) Authority for the Corporation to transact with the Bureau of Internal Revenue (“BIR”) for the settlement of the Corporation’s 2016 deficiency Value Added Tax Assessment (“2016 VAT Assessment”);
- l) Approval of the Revised 2023 Financial Plan as presented to the Board on January 26, 2023;
- m) Approval of the Enterprise Risk Management Policy;
- n) Approval of the calling of the Annual Stockholders’ Meeting (“ASM”) on June 28, 2023 at 9:30 a.m. via physical meeting;
- o) Approval of the record date for the June 28, 2023 ASM to be on May 15, 2023;
Approval of the appointment of R.G. Manabat & Co. (KPMG Philippines) as the Board of Canvassers for the Corporation’s ASM on June 28, 2023;
- p) Authority for the appointment of Mr. David Charles Rupert Motley, to be the Corporate Assignee of the Corporation and a playing representative at the Calatagan Golf Club, Inc.;
- q) Approval of the nomination and election of Mr. Alan R. Luga as Director of the Corporation, thereby replacing Atty. Nora Malubay;
- r) Approval of the appointment of Mr. Alan R. Luga as member of the Underwriting Committee;
- s) Authority for the Corporation to renew the investment/counterparty lines and limits;
- t) Approval of the designation of new authorized representatives of the Corporation for the Electronic Filing and Payment System (EFPS) of the Bureau of Internal Revenue;
- u) Approval, in connection with the Corporation’s existing Stock Transfer Agency Agreement with Rizal Commercial Banking Corporation, of the designation of authorized signatories of the Corporation, with power to transact with the RCBC Stock Transfer Department;
- v) Approval of the nomination and election of Mrs. Evelina G. Escudero as Director of the Corporation, thereby replacing Mr. Jose Arnulfo A. Velos;
- w) Approval of the appointment of Mrs. Evelina G. Escudero to the following Committees: Nomination & Compensation Committee, Risk Oversight Committee, and Governance and Related Party Transaction Committee;
- x) Approval of the appointment of Mrs. Evelina G. Escudero as Chairperson of the Board;
- y) Approval of the Audited Financial Statements for the period ended December 31, 2022 and authority for the release and issuance of the same;
- z) Approval of the 2022 annual Audit Committee Report as part of the Corporation’s 2022 Annual Report;
- aa) Approval of the re-appointment of R.G. Manabat & Co. (KPMG Philippines) as the Independent External Auditor for the year 2023 and the delegation of authority to the Audit Committee to approve the Audit Fees subject to reasonable adjustments;
- bb) Approval of the Enterprise Risk Management Framework;
- cc) Approval of the 2022 Sustainability Report;

- dd) Approval of the proposed agenda for the 2023 Annual Stockholders' Meeting;
- ee) Authority for the Corporation to update its authorized signatories on special savings, current accounts, time deposits, loans, bank contracts/agreements, bank facilities, cash management products/services, and electronic/internet banking facilities;
- ff) Authority for the Corporation to perform actions for the purpose of managing and administering the Corporation's investment portfolio and optimizing the returns;
- gg) Authority for signatories to sign, execute, and/or deliver any and all documents in connection with the Corporation's Retirement Fund Trust Agreement with Rizal Commercial Banking Corporation and Bank of the Philippine Islands;
- hh) Authority for the Corporation to appoint BPI Asset Management and Trust Corporation ("BPI AMTC") to act as Custodian and to invest in any of the trust and investment product being offered by the BPI AMTC
- ii) Authority for the Corporation to transact with Rizal Commercial Banking Corporation to obtain credit facilities;
- jj) Authority for the Corporation to appoint BPI Asset Management and Trust Corporation ("BPI AMTC") to act as Investment Manager;
- kk) Appointment of accredited stockbrokers of the Corporation;
- ll) Designation of Metropolitan Bank & Trust Company (hereinafter called "Metrobank") as depository of the funds/monies of the Corporation and authority for the Corporation (1) to borrow, obtain and/or contract for loans/credit lines/credit accommodations from Metrobank Head Office and/or any of its branches up
- mm) Authority for the Corporation to apply for and establish Corporate Card Accounts with Bank of the Philippine Islands and Rizal Commercial Banking Corporation from which account, the Banks will issue Corporate Cards to qualified officers or employees (the "Assignees") of the Corporation;
- nn) Authority for the Corporation to issue, send, transmit and/or endorse to Rizal Commercial Banking Corporation and/or any of its branches, as the depository of the moneys and funds of the Corporation, instructions via electronic mail and/or ephemeral means, if applicable (the "E-Instructions")
- oo) Authority for the Corporation to consider and invest in alternative investment solutions for excess funds of the Corporation that will improve its yield without sacrificing relative safety and security of capital;
- pp) Authority for the Corporation to renew the investment/counterparty lines and limits.

(3) *Appointment of Independent Auditors*

The auditing firm of R.G. Manabat & Co. (KPMG Philippines) will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. Randy Tireso F. Lapidez is the partner in charge of the Corporation's account.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Action

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 18. Summary of Voting Matters/Voting Procedures

(a) Summary of Matters to be presented to the Stockholders

- (1) Approval/ratification of the minutes of the annual meeting of stockholders held on June 30, 2022. Approval of said minutes shall constitute confirmation of all the matters stated in the minutes.
- (2) The President of the Corporation will present the Management Report for the year ended December 31, 2022. He will present the highlights of the performance of the Corporation, the details of which were incorporated into the Corporation's annual report as distributed to the stockholders. The management report will include discussion of the financial report, underwriting performance, investment, outlook and plans.
- (3) Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day-to-day operations of the Company as contained or reflected in the minutes book and attached management report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving approval of the budget for the current year, approval of investments, treasury matters requiring the opening of accounts and authorization of bank transactions, approval of bank signatories and related updates and amendments thereof, engagement of consultants, approval of various transactions in furtherance of the business of the Corporation and approval of company policies in compliance with regulatory requirements. A summary of the resolutions approved by the Board is provided in item 15 (2) of this report.
- (4) Selection of R.G. Manabat & Co. (KPMG Philippines) as independent auditors for the year ended 2023.
- (5) Election of Directors

Election of a Board of thirteen (13) directors, at least 3 of whom shall be independent directors, and will hold office for a period of one year and until the next annual meeting of stockholders and until his or her successor is elected and qualified. The nominees for directors are:

Regular Directors:

Evelina G. Escudero
Yvonne S. Yuchengco
Allan R. Santos
Rafael G. Ayuste, Jr.
Jocelyn DG Cabreza
Reginaldo Anthony B. Cariaso
Alan R. Luga
Maria Consuelo A. Lukban
Antonio M. Rubin
Joli Co Wu

Independent Directors:

Roberto G. Manabat
Rex Maria A. Mendoza
Medel T. Nera

The nominees for Independent Directors⁵ of the Corporation for the Annual Stockholders' Meeting on July 5, 2023, within the purview of SRC Rule 38 are Roberto G. Manabat, Rex Maria A. Mendoza and Medel T. Nera.

(6) Re-election of Mr. Medel T. Nera as Independent Director

Considering that this will be the 12th year that Mr. Medel T. Nera is being nominated to be an Independent Director of the Corporation, the Corporation is seeking shareholders' approval of his re-election in accordance with SEC MC No. 4, series of 2017. Please refer to Annex A of this SEC Form 20-IS which provides for the justification of Mr. Nera' re-election.

Among other reasons provided in Annex A, the Corporation seeks to justify Mr. Nera's re-election on the basis of the fact that the company's primary regulator, the Insurance Commission, prescribes that the reckoning date for the term-limit of an Independent Director shall be from 02 January 2015 (*IC Circular Letter No. 2020-71, Recommendation 5.3; IC Circular Letter No. 2018-36 issued 26 June 2018*). Pursuant to the IC regulations, therefore, Mr. Nera is still qualified for re-election until 2023.

The Management and Board of Directors of the Corporation believes that retaining Mr. Nera as Independent Director will be very beneficial to the continuing growth and strategic direction of the company. His business experience, knowledge and wisdom will be most valuable in the successful governance of the Corporation.

(b) Voting Procedures

(1) Approval/ratification of the minutes of the annual stockholders' meeting held on June 30, 2022

(A) Vote required: A majority of the outstanding common stock represented by stockholders participating through remote communication or in absentia or by proxy, provided constituting a quorum.

(B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).

(2) Management Report for the year ended, December 31, 2022 as presented by the President of the Corporation.

(A) Vote required: A majority of the outstanding common stock represented by stockholders participating through remote communication or in absentia or by proxy, provided constituting a quorum.

⁵An "Independent Director" shall mean a person other than an officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

- (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).
- (3) Ratification of the acts of the Board of Directors and Officers
- (A) Vote required: A majority of the outstanding common stock represented by stockholders participating through remote communication or in absentia or by proxy, provided constituting a quorum.
- (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).
- (4) Appointment of Independent External Auditors
- (A) Vote required: A majority of the outstanding common stock represented by stockholders participating through remote communication or in absentia or by proxy, provided constituting a quorum.
- (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).
- (5) Election of Directors
- (A) Vote required: The 10 candidates for regular directors and 3 candidates for independent directors receiving the highest number of votes cast for regular directors and votes cast for independent directors shall be declared elected.
- (B) Method by which votes will be counted: The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).

For the election of directors, cumulative voting applies. Under this method of voting, a stockholder entitled to vote shall have the right to vote in absentia or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation as of the Record Date, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he

may distribute them on the same principle among as many candidates as he shall see fit.

(6) Re-election of Mr. Medel T. Nera as Independent Director

- (A) Vote required: A majority of the outstanding common stock represented by stockholders participating through remote communication or in absentia or by proxy, provided constituting a quorum.
- (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or upon motion duly made and seconded, by secret ballot, or votes casted through: (a) accomplished proxy form sent through email to asm@nat-re.com; and (b) voting portal using google form. Please refer to the Guidelines for Participating via Physical Meeting and Voting in Absentia (Annex B).

(c) At the regular meeting of the Board of Directors held on January 26, 2023, R.G. Manabat and Co. (KPMG Philippines) was appointed as Board of Canvassers. The Board of Canvassers shall have the power to count and tabulate all votes, assents and consents; determine and announce the result; and to do such acts as may be proper to conduct the election or vote with fairness to all stockholders.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

This proxy is being solicited for and on behalf of the Management of the Corporation. The Chairman of the Board of Directors or, in his absence, the President of the Corporation will vote the proxies at the annual stockholders' meeting to be held on July 5, 2023.

Item 2. Instruction

- (a) The proxy must be duly accomplished by the stockholder of record as of Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy. Attached to the Notice of Meeting is a sample board resolution to designate a proxy for the annual stockholders' meeting.
- (b) Duly accomplished proxies shall be submitted and addressed to the attention of the Corporate Secretary at 31st Floor, BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City, Philippines, or via email at asm@nat-re.com not later than *June 23, 2023*, (not less than 10 calendar days prior to the date of the stockholders' meeting).
- (c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.
- (d) On *June 30, 2023 at 2:00 P.M.*, the Corporate Secretary will lead the validation of proxies in coordination with the company's stock and transfer agent.
- (e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in his absence, the President of the Corporation, as proxy for the annual stockholders meeting to be held on July 5, 2023.
- (f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in the Corporation as of Record Date.
- (g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of Rule 20.5 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code.
- (h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in items (1) to (6) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote for the matter. *(Note: If you intend to submit a proxy, please fill up and submit the enclosed proxy instrument, not the following Item 2(h).)*

(1) Approval/ratification of the minutes of the annual stockholders' meeting held on June 30, 2022

FOR AGAINST ABSTAIN

(2) Approval of the Management Report for the year ended, December 31, 2022.

FOR AGAINST ABSTAIN

(3) Ratification of the acts of the Board of Directors and Officers

FOR AGAINST ABSTAIN

(4) Appointment of R.G. Manabat & Company (KPMG Philippines) as Independent External Auditors

FOR AGAINST ABSTAIN

(5) Election of Directors.

FOR all nominees listed below, except those whose names are stricken out

WITHHOLD authority to vote for all nominees listed below.

(Instruction: To strike out a name or withhold authority to vote for any individual nominee, draw a line through the nominee's name in the list below).

Regular Directors:

Evelina G. Escudero
Yvonne S. Yuchengco
Allan R. Santos
Rafael G. Ayuste, Jr.
Jocelyn DG Cabreza
Reginaldo Anthony B. Cariaso
Alan R. Luga
Maria Consuelo A. Lukban
Antonio M. Rubin
Joli Co Wu

Independent Directors:

Roberto G. Manabat
Rex Maria A. Mendoza
Medel T. Nera

(6) Re-election of Mr. Medel T. Nera as Independent Director

FOR AGAINST ABSTAIN

Item 3. Revocability of Proxy

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

Item 4. Persons Making the Solicitation

The solicitation is made by the Management of the Corporation. No director of the Corporation has informed the Corporation in writing that he intends to oppose an action intended to be taken up by the Management of the Corporation at the annual meeting. Solicitation of proxies shall be made through the use of mail, email or if feasible, by personal delivery by its regular employees. The Corporation shall not engage the services of special employees or proxy solicitors in the proxy solicitation. The Corporation will shoulder the cost of solicitation, which is estimated to be ₱150,000.00.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon at the annual stockholders' meeting to be held on July 5, 2023, other than election to office.

**PART III
SIGNATURE**

Management does not intend to bring any matter before the meeting other than those set forth in the Notice of the annual meeting of stockholders and does not know of any matters to be brought before the meeting by others. If any other matter does come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy in accordance with their judgment.

ACCOMPANYING THIS INFORMATION STATEMENT ARE COPIES OF THE (1) NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF; (2) PROXY INSTRUMENT; AND (C) THE CORPORATION'S MANAGEMENT REPORT PURSUANT TO SRC RULE 20 (4).

THE CORPORATION'S LATEST ANNUAL REPORT IN SEC FORM 17-A AND LATEST QUARTERLY REPORT IN SEC FORM 17-Q DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ARE AVAILABLE FOR DOWNLOAD AT THE COMPANY'S WEBSITE www.nat-re.com. UPON REQUEST BY A SHAREHOLDER, THE COMPANY WILL PROVIDE HARDCOPIES OF THE LATEST ANNUAL AND QUARTERLY REPORTS.

ALL OTHER REQUESTS FOR INFORMATION MAY BE SENT TO THE FOLLOWING:

**National Reinsurance Corporation of the Philippines
31st Floor, BPI-Philam Life Makati
6811 Ayala Avenue,
Makati City 1227 Philippines.**

Attention: The Corporate Secretary

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati, May 19, 2023.

**NATIONAL REINSURANCE
CORPORATION OF THE PHILIPPINES**

By:

**(Original Signed)
NOEL A. LAMAN
Corporate Secretary**

ANNEX A
FINAL LIST OF CANDIDATES FOR INDEPENDENT DIRECTORS

Roberto G. Manabat, Filipino, Independent Director since June 2021.

Mr. Manabat has more than 40 years of track record in the field of accountancy and has been an adviser to a number of corporations on financial reporting and good corporate governance. He is a resource person on matters pertaining to corporate governance, internal audit, financial reporting, risk management and the financial services industry.

Currently, Mr. Manabat is the Lead Independent Director of Union Bank of the Philippines, and Independent Director of Union Digital Bank, City Savings Bank, Goldilocks Bakeshop, Inc., Citibank Financial Services & Insurance Brokerage, Inc., and Sodexo BRS Philippines. He is currently an Advisor to the Board of Directors of SM Investments Corporation (SMIC) and Century Peak Holdings Corporation. He is the Chairman of the KPMG R.G. Manabat Foundation and the Chairman of Enactus Philippines. He is a member of the Board of Trustees of the Shareholders' Association of the Philippines and a Life Fellow of the Institute of Corporate Directors.

Mr. Manabat was previously the Chairman and Chief Executive of KPMG R.G. Manabat & Co., until December 31, 2017. He has not been a part of KPMG R.G. Manabat & Co. since January 1, 2018. He was the previous Chairman of the Auditing & Assurance Standards Council and a Member of the Financial Reporting Standards Council. He was a General Accountant of the Securities and Exchange Commission and a previous partner of SGV & Co.

In 2018, he received The Outstanding Professional Award in the Field of Accountancy given by the Professional Regulation Commission. He was honored as an "Outstanding CPA in Government Service" an award given by the Philippine Institute of Certified Public Accountants (PICPA). In 2019, he was honored by The Federation of Asian Institute of Management Alumni Associations, Inc. (FAIM) with an Alumni Achievement (Triple A) Award, the most prestigious recognition given to AIM graduates. In March 2023, he is the recipient of the Top 100 Notable CPAs Centenary Award, granted by the Professional Regulatory Board of Accountancy during the Centennial celebration of the Accountancy profession.

Mr. Manabat is a Certified Public Accountant. He graduated with Magna Cum Laude honors from the University of the East with a Bachelor's degree in Business Administration. He is an Outstanding Alumnus in 2021. He placed 6th in the CPA examinations in November 1968. He obtained his Master's degree in Business Management from the Asian Institute of Management.

Rex Maria A. Mendoza, Filipino, Independent Director since June 2019.

Mr. Rex Mendoza is the Chairman of Rampver Financials, a dynamic player in financial services specializing in investments, and one of the biggest distributors of mutual funds in the Philippines. He is an active entrepreneur with companies and endeavors in multiple industries. He currently serves as the lead independent director of Globe Telecom, Inc. and Ayala Land Logistics Holdings Corporation, and independent director of the Ayala Land, Inc., all publicly listed companies.

He is the Chairman of the Board of Singapore Life, the Soldivo Bond Fund, Inc. and the Soldivo Strategic Growth Fund, Inc. He is also the lead independent director of Anvaya Cove Beach and Nature Club, Inc. and G Exchange Inc. (GX1, or GCash). He is a director of FLT Prime Insurance Corp., Cullinan Group, Esquire Financing, Inc., Mobile Group, Inc., Seven Tall Trees Events Company, Inc., and TechnoMarine Philippines. He is a member of Bro. Bo Sanchez' Mastermind Group and is cited by many as one of the best leadership, business strategy, investments, marketing and sales speakers in the country. He is the author of two books, Trailblazing Success and Firing

on All Cylinders, both certified national bestsellers. He served as the President & CEO of Philam Life, one of the country's most trusted financial services conglomerates and was Chairman of its affiliates and subsidiaries. Prior to this, he was previously Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc., and Avida Sales Corporation.

He has a Master's Degree in Business Management with distinction from the Asian Institute of Management. He was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance. He was awarded Most Distinguished Alumnus of the UP Cesar Virata School of Business. He is also a Fellow with Distinction at the Life Management Institute of Atlanta, Georgia, USA, a Registered Financial Planner (RFP) and a four-time member of the Million Dollar Round Table (MDRT). He was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

Medel T. Nera, Filipino, Lead Independent Director since June 2021, Independent Director since July 2011.

Mr. Medel T. Nera is a Director of House of Investments, Inc., iPeople inc., EEI Corp., Seafont Resources Corp, Holcim Phils, Inc. and Ionics, Inc. His past experiences include: President & CEO of House of Investments, Inc.; Director and President of RCBC Realty Corp.; Director and Chairman of the Risk Oversight Committee and Member of the Audit Committee of the Rizal Commercial Banking Corp.; and Senior Partner at Sycip Gorres Velayo & Co. where he served as Financial Services Practice Head. He was formerly Head of the Financial Services Assurance practice of Ernst and Young in the Far East covering China, Taiwan, HongKong, South Korea, Singapore, Philippines and Vietnam.

Mr. Nera obtained his Master of Business Administration degree from the Stern School of Business, New York University, USA and Bachelor of Science in Commerce from the Far Eastern University, Philippines. He holds an International Management Program from the Manchester Business School, UK, and a Pacific Rim Bankers Program from the University of Washington, USA.

****Justification for the re-election of Director Medel T. Nera as an Independent Director of Nat Re for the Term 2023-2024**

Mr. Nera has been an Independent Director of Nat Re since 2011. As such, he has gained a comprehensive understanding of the specialized business of a professional reinsurance company and has been providing meaningful insights and perspectives which are very helpful during the board and committee meetings. He actively Chairs the Audit Committee and likewise participates actively in committee meetings where he is a member, and these include the Risk Oversight, the Governance & Related Party Transaction, and the Investment & Budget Committees. The Audit Committee which he chairs consistently obtained an excellent performance rating mainly because the Committee provides valuable insights and direction to Management and exercises effective oversight over the Company's financial reporting, internal and external audit.

Directorship in more than 5 PLCs

Mr. Nera sits on the board of more than five (5) publicly listed companies, namely (1) House of Investments Inc., (2) iPeople, Inc., (3) EEI Corporation, (4) Seafont Resources Corp., (5) Ionics Inc., (6) Holcim Philippines, Inc. and (7) Nat Re. While Mr. Nera has more than 5 directorships in

publicly listed companies, including Nat Re, we submit that this does not interfere in the optimal performance of his roles and responsibilities as ID of Nat Re.

The Revised IC Code of Corporate Governance recommends a maximum of five directorship on the basis that being a director necessitates a commitment to the corporation and the limitation of board directorships is to ensure that the members of the board are able to effectively commit themselves to perform their roles and responsibilities, regularly update their knowledge and enhance their skills.

In the case of Mr. Nera, he was formerly the President and CEO of House of Investments and iPeople, Inc. and EEI Corporation are subsidiaries of House of Investments. Thus, he is already very familiar with the operations of these three publicly-listed companies. Seafront Resources Corp., on the other hand, does not have active operations. It has only investments in shares of stock. Furthermore, Ionics Inc. was his former audit client, and the nature of their electronics manufacturing operations has not changed.

While Mr. Nera serves as a director in more than five (5) publicly listed companies, our records show that he has always attended the board and committee meetings and the Annual Stockholders Meetings of the company. He is committed to his role and responsibility as ID of Nat Re as he finds sufficient time to keep abreast of the company's operations, actively participates in meetings, challenges management's views and proposals and provides meaningful insights.

The attendance record of Mr. Nera is shown as follows:

MEETINGS	ATTENDANCE in 2022
Board	12/12
Annual Stockholders	1/1
Audit Committee	7/7
Risk Oversight Committee	4/4
Governance & Related Party Transaction Committee	4/4
Investment & Budget Committee	8/8

Term as ID

The company's primary regulator, the Insurance Commission, prescribes that the reckoning date for the term-limit of an Independent Director shall be from 02 January 2015 (*IC Circular Letter No. 2020-71, Recommendation 5.3; IC Circular Letter No. 2018-36 issued 26 June 2018*) and therefore, Mr. Nera is still qualified for re-election until 2023.

The Management of Nat Re strongly believes that retaining Mr. Nera in the company's board will be very beneficial to the continuing growth and strategic direction of the company. His business experience, knowledge and wisdom will be most valuable in the successful governance of this company.

The re-election of Mr. Medel T. Nera as Independent director of the Company for the term 2023-2024 is subject to the approval of the stockholders.

ANNEX B

2023 ANNUAL STOCKHOLDERS' MEETING National Reinsurance Corporation of the Philippines July 5, 2023, 2:30pm

Guidelines for Participating via Physical Meeting and Voting in Absentia

The 2023 Annual Stockholders' Meeting (ASM) of National Reinsurance Corporation of the Philippines (the "Company") is scheduled on **July 5, 2023 at 2:30 P.M. at the Carlos P. Romulo Auditorium, Podium 4, Tower II, RCBC Plaza, 6819 Ayala Avenue, Makati City.**

Registration

Stockholders who intend to participate in the Annual Stockholders Meeting may physically register at the venue of the meeting and present the following requirements for validation on July 5, 2023, from 1:30 pm to 2:30pm.

A. For Individual Stockholders

1. Copy of valid government-issued ID of stockholder/proxy; and
2. If appointing a proxy, copy of proxy form duly signed by stockholder.

B. For Corporate Stockholders

1. Secretary's Certification of Board Resolution appointing and authorizing proxy to participate in the ASM;
2. Copy of proxy form duly signed by authorized signatories; and
3. Valid government-issued ID of the authorized representative.

C. For Stockholders with Shares under PCD participant/broker's account or "Scripless shares"

1. Certification from broker as to the stockholder's shareholding;
2. Valid government-issued ID of stockholder; and
3. If appointing a proxy, copy of proxy form duly signed by stockholder.

**All proxy forms must be submitted on or before June 23, 2023 at the principal office of the Corporation. Validation of proxies is on June 30, 2023, 2:00 p.m. at the principal office of the Corporation. Proxies who will attend the meeting must bring a copy of their proxies previously submitted to the Corporation for purposes of registration on July 5, 2023.*

Determination of Quorum for the ASM by Remote Communication

Only those stockholders who physically registered together with those who voted in absentia and by proxy, will be included in determining the existence of a quorum.

Voting through Voting Portal

The voting portal shall be available from June 7, 2023 until 12:00 p.m. of July 5, 2023, for all Verified Stockholders. Beyond this time and date, a stockholder may no longer avail of the option to vote thru the voting portal. Verified Stockholders shall be notified via email of the link for the voting facility via Google Form. For verification, please refer to this link for the list of requirements - <https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#rvj> and email the same to asm@nat-re.com.

Verified Stockholders can then cast their votes for the specific items in the agenda, as follows:

1. Log-in to the voting facility by clicking the link sent thru email to the active email-address provided by the Verified Stockholder.
2. Upon accessing the voting portal, the Verified Stockholder can vote on each agenda item. A stockholder has the option to vote "For", "Against", or "Abstain" on the agenda item for approval.

3. For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.
4. Once the stockholder has finalized his votes, he can proceed to submit by clicking the “Submit” button. Once submitted, the stockholders can no longer modify their ballots.

Voting by Proxy

Stockholders of record who will not attend the physical meeting can likewise cast their votes by accomplishing the proxy form and sending the same to the Company through email at asm@nat-re.com on or before June 23, 2023. The proxy form can be downloaded at <https://www.nat-re.com/investor-relations/annual-stockholders-meeting/#files>.

Feedback

We encourage our stockholders to send their questions or comments in advance, during and after the stockholders’ meeting through email marked with the subject “ASM 2023 Feedback” to asm@nat-re.com.

Questions/comments received but not read and provided with an answer during the meeting due to time constraints, will be answered separately by the Company through email.

For any queries or concerns regarding this Guidelines, please contact the Company’s Compliance Office at (632) 89887498 or via email at asm@nat-re.com.

For complete information on the annual meeting, please visit <https://www.nat-re.com/investor-relations/annual-stockholders-meeting/>.

ANNEX C

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Description of Business

Nat Re writes both life and non-life reinsurance through treaty and facultative contracts. Facultative reinsurance refers to individually written and negotiated reinsurance agreements, while treaty contracts are agreements either; to share proportionately in the specific portions of the business written by insurance company, or, to pay losses incurred by the insurer in excess of an agreed amount up to a specified limit.

The Company writes domestic and foreign reinsurance business with the domestic portfolio making up close to 81% of the Company's total Gross Premiums Written. The domestic portfolio has a Net Underwriting Income of P580M in 2022 from P304M in 2021.

60% of the domestic Gross Premiums Written comes from the Life Portfolio, which also accounts for 64% of domestic Net Underwriting Income.

Our Life reinsurance business reached P2.2B in GWP exhibiting a growth of 24.8%. Growth was driven by the Group insurance portfolio with a 81.4% increase owing to new lead treaties written. The Medical line also experienced a 39.4% growth reaching 101M. Individual lines including Modified coinsurance likewise grew by 3%.

Underwriting results of the Life business reached P339M which was a lower than expected. This result was brought about by higher than expected loss ratios across all lines of business. Both covid and non-covid claims increased in count and amounts. Covid claims accounted for nearly 20% of claims paid and is almost four times the previous year's level. While reserves were set up to anticipate COVID related claims and also late reporting, actual levels were significantly higher.

This was partially offset by the lower commissions paid out resulting in an overall total combined ratio of 103%.

We supported the industry's continued request for simplified underwriting as challenges in obtaining the traditional medical evidence of insurability as well as new distribution methodologies require easier approaches. Furthermore, we carried on with providing webinars and customized training sessions to enhance the technical expertise of the Life cedants' professionals. The training program covered various topics such as individual and group medical underwriting, group insurance pricing, and claims assessment.

By end of 2022 around 62% of total non-life business came from local risks, with 38% of the portfolio coming from a global book of geographically diversified exposures. Aside from writing global risks to diversify the Company's risks exposures, the Company also purposely reduced its concentration of exposures to Philippine catastrophe risks by entering into reciprocal exchanges with non-Philippine based reinsurers to replace its local exposures with globally diversified risks.

Fire remains Nat Re's main non-life product line accounting for 62% of its total non-life premiums, followed by Casualty at 23%, Motor at 12% and Marine at around 3%.

Close to 94% of the total portfolio comes from treaty business, with facultative contracts accounting for the difference. Foreign contracts, on the other hand, are exclusively treaty contracts.

Facultative contracts are limited to domestic risks where it accounts for close to 10% of the domestic life portfolio and 5% of the domestic non-life Gross Premiums Written.

The Company's non-life products include: Fire Insurance under broad named perils conditions as well as Commercial and Industrial All Risks; Engineering which includes Construction all Risks, Erection All Risks, Electronic Equipment Insurance, Machinery Breakdown and Boiler and Pressure Vessel Insurance; Liability Insurance which includes Comprehensive General Liability, Terrorism Insurance, Directors and Officers Liability, Products Liability and Errors and Omission; Money Securities and Payroll, Fidelity Guarantee; Property and Equipment Floaters; Personal Accident; and other Miscellaneous lines like Hole-In-One.

REVIEW OF 2022 VERSUS 2021

Results of Operations

In Millions PhP	For the years ended		Inc(dec)	
	31 Dec 2022	31 Dec 2021	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums, net of returns	P4,708.6	P4,195.1	P513.5	12%
Retroceded premiums	(1,721.4)	(1,357.2)	(364.2)	27%
Net premiums retained	2,987.2	2,837.9	149.3	5%
Movement in premium reserves – net	12.6	33.1	(20.5)	-62%
	2,999.8	2,871.0	128.8	4%
UNDERWRITING DEDUCTIONS				
Share in reported losses – net	2,225.4	1,696.6	528.8	31%
Share in unreported loss reserves – net	(288.5)	265.9	(554.4)	-208%
Commissions – net	826.7	861.3	(34.6)	-4%
	2,763.6	2,823.8	(60.2)	-2%
NET UNDERWRITING INCOME	236.2	47.2	189.0	400%
Interest	291.6	259.8	31.8	12%
Gain on sale of AFS	23.6	94.4	(70.8)	-75%
Foreign currency gains	14.0	25.4	(11.4)	-45%
Others	(113.8)	24.5	(138.3)	-564%
INVESTMENT AND OTHER INCOME AND EXPENSES– net	215.4	404.1	(188.7)	-47%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	451.6	451.3	0.3	0%
GENERAL AND ADMINISTRATIVE EXPENSES	330.4	260.0	70.4	27%
PROFIT BEFORE TAX	121.2	191.3	(70.1)	-37%
TAX EXPENSE	65.5	49.6	15.9	32%
NET PROFIT	P55.7	P141.7	(P86.0)	-61%

The Company recorded a net profit of P55.7 million for the year ended December 31, 2022, P86.0 million or 61% lower than the net profit recognized in 2021. The Net profit resulted from generating Net underwriting income of P236.2 million, and Investment and other income and expenses of P215.4 million, negated by General and administrative expenses of P330.4 million and Tax expense of P65.5 million.

Underwriting Results

Net underwriting income amounted to P236.2 million in 2022, higher by P189.0 million or 400% compared to 2021 of P47.2 million. The favorable variance resulted mainly from the net underwriting income of P210.2 million from the Non-life domestic business compared to the net underwriting loss of P78.9 million in 2021. This was partially negated by (a) Lower net underwriting income from the Life business by P68.7 million; and (b) Higher net underwriting loss from the Non-life foreign business by P31.4 million.

Higher net underwriting income in 2022 from the Non-life domestic business resulted mainly from lower loss and commission ratios relative to earned premiums compared to 2021. Lower net underwriting income from the Life business in 2022 resulted mainly from higher loss ratio from the non-modified co-insurance business relative to earned premium, partially negated by higher net underwriting income from the modified co-insurance business. Higher net underwriting loss in 2022 from the Non-life foreign business resulted mainly from higher loss and commission ratios relative to earned premiums compared to 2021.

Reinsurance premium income amounted to P2,999.8 million in 2022, higher by P128.8 million compared to 2021 of P2,871.0 million. This resulted from (a) Higher reinsurance premium income from the Life business due to higher reported premiums; and (b) Higher reinsurance premium income from the Non-life domestic business due to higher earned premiums from renewal business, higher reinstatement premiums and release of unexpired risk reserves. These were partially negated by (a) Lower reinsurance premium income from the Non-life foreign business resulted mainly from the renewal of certain treaties at a lower share and unfavorable adjustment in the estimated premium income for past underwriting years; and (b) Higher cost on the Company's excess of loss cover from the Non-life domestic business.

Share in reported losses - net and Share in unreported loss reserves - net amounted to P1,936.9 million in 2022, lower by P25.6 million compared to 2021 of P1,962.5 million, which resulted to loss ratios of 65% in 2022 and 68% in 2021. Lower loss ratio in 2022 resulted mainly from the favorable loss development for past underwriting years from the Non-life domestic business. This was partially negated by (a) Additional provisions for catastrophe losses relating to hailstorms for treaties covering European risks; (b) Provision for Hurricane Ian for treaties covering North America; (c) Impact of higher foreign exchange rates on loss reserves denominated in foreign currencies; and (d) Unfavorable loss development for past underwriting years for Life business.

	For the year ended		Inc (dec)	
	2022	2021	Amount	%
Share in reported losses – net (A)	P2,225.4	P1,696.6	P528.8	31%
Share in unreported loss reserves – net (B)	(288.5)	265.9	(554.4)	208%
Total share in reported losses and unreported loss reserves – net (C) [A+B]	1,936.9	1,962.5	(25.6)	-1%
Total earned premiums (D)	P2,999.8	P2,871.0	P128.8	4%
Loss ratio (C/D)	65%	68%		

Commissions - net amounted to P826.7 million in 2022, lower by P34.6 million compared to 2021 of P861.3 million, which resulted to commission ratios of 28% in 2022 and 30% in 2021. Lower commission

ratio in 2022 resulted mainly from (a) Lower acquisition costs from the Non-life foreign business due to the renewal of certain treaties at a lower share; and (b) Lower commission costs from the Non-life domestic business due to the favorable adjustment in the commissions for past underwriting years. These were partially negated by the higher commission expense incurred from the Life modified co-insurance business.

Investment and Other income and expenses, net amounted to P215.4 million in 2022, lower by P188.7 million or 47% from P404.1 million in 2021, resulting from lower investment income by P175.0 million and higher other expenses by P13.7 million.

Lower investment income in 2022 resulted mainly from (a) Higher impairment losses recognized on the Company's available-for-sale equity securities by P117.2 million; (b) Lower gain on sale from available-for-sale securities by P70.8 million; and (c) Unfavorable change in the net fair value of held-for-trading securities amounting to P15.2 million. These were partially negated by higher interest and dividend income by P28.2 million.

Higher other expenses by P13.7 million in 2022 resulted mainly from lower foreign exchange gains compared to 2021.

General and administrative expenses amounted to P330.4 million in 2022, higher by P70.4 million or 27% compared to 2021 of P260.0 million, resulting mainly from higher manpower costs, taxes, and professional fees.

Tax expense amounted to P65.5 million in 2022, higher by P15.9 million or 32% compared to 2021 of P49.6 million. This resulted mainly from (a) Absence of the favorable impact of reduction in the applicable income tax rates recognized in 2021; and (b) Higher final taxes from the interest income recognized in 2022.

Financial Condition

(includes explanation on material changes in the financial statements)

In Millions PhP	Audited	Audited	Inc(dec)	
	31 Dec 2022	31 Dec 2021	Amount	%
CASH AND CASH EQUIVALENTS	P724.7	P658.2	P66.5	10%
REINSURANCE BALANCES RECEIVABLE - net	3,374.5	3,422.2	(47.7)	-1%
HELD-FOR-TRADING (HFT) SECURITIES	289.5	-	289.5	-
AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS	4,808.0	5,952.7	(1,144.7)	-19%
HELD-TO-MATURITY (HTM) INVESTMENTS	3,058.5	2,390.8	667.7	28%
OTHER INVESTMENTS	442.3	-	442.3	-
LOANS AND RECEIVABLES	86.2	57.7	28.5	49%
PROPERTY AND EQUIPMENT - net	45.2	52.0	(6.8)	-13%
REINSURANCE RECOVERABLE ON REPORTED LOSSES – net	2,905.1	1,577.3	1,327.8	84%
REINSURANCE RECOVERABLE ON CLAIMS RESERVES	923.5	912.0	11.5	1%
DEFERRED ACQUISITION COSTS	701.3	658.3	43.0	7%
DEFERRED REINSURANCE PREMIUMS	606.1	434.5	171.6	39%
OTHER ASSETS – net	373.1	325.4	47.7	15%
TOTAL ASSETS	P18,338.0	P16,441.1	P1,896.9	12%
<u>LIABILITIES AND EQUITY</u>				
REINSURANCE BALANCES PAYABLE	P2,097.2	P1,597.1	P500.1	31%
FORWARD LIABILITY	89.3	-	89.3	-
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	303.0	319.5	(16.5)	-5%
LOSSES AND CLAIMS PAYABLE	5,717.4	4,214.8	1,502.6	36%
CLAIMS RESERVES	2,825.9	3,102.9	(277.0)	-9%
PREMIUM RESERVES	1,692.3	1,533.3	159.0	10%
DEFERRED REINSURANCE COMMISSIONS	12.5	9.3	3.2	34%
TOTAL LIABILITIES	12,737.6	10,776.9	1,960.7	18%
CAPITAL STOCK	2,182.0	2,182.0	-	0%
TREASURY STOCK	(100.5)	(100.5)	-	0%
ADDITIONAL PAID-IN CAPITAL	3,019.2	3,019.2	-	0%
REMEASUREMENT OF DEFINED BENEFIT LIABILITY	(74.3)	(73.4)	(0.9)	1%
REVALUATION RESERVES	(147.6)	(29.0)	(118.6)	409%
RETAINED EARNINGS	721.6	665.9	55.7	8%
TOTAL EQUITY	5,600.4	5,664.2	(63.8)	-1%
TOTAL LIABILITIES AND EQUITY	P18,338.0	P16,441.1	P1,896.9	12%

The Company's shareholders' equity amounting to P5,600.4 million as at December 31, 2022 decreased by P63.8 million from the balance as at December 31, 2021 of P5,664.2 million. The decrease resulted mainly from the decrease in revaluation reserves by P118.6 million mostly from the unfavorable market value movements of Available-for-Sale securities, negated by positive operating results of P55.7 million.

Cash and cash equivalents amounting to P724.7 million as at December 31, 2022 increased by P66.5 million or 10% from the balance as at December 31, 2021 of P658.2 million. The increase in the balance resulted mainly from the net cash provided by investing activities amounting to P129.0 million and foreign currency gains amounting to P12.1 million. These were negated by the net cash used in operating activities amounting to P74.6 million.

Held-for-trading (HFT) securities amounting to P289.5 million as at December 31, 2022 mainly pertains to the net acquisition of equity securities, unit investment trust fund (UITF) and forward asset amounting to P282.0 million, foreign currency gains of P15.6 million and fair value losses amounting to P8.1 million.

Available-for-sale (AFS) financial assets amounting to P4,808.0 million as at December 31, 2022 decreased by P1,144.7 million or 19% from the balance as at December 31, 2021 of P5,952.7 million. The movement in the account balance can be explained by the following:

	2022	2021
Cost		
Balance at beginning of year	P5,923.5	P5,669.0
Acquisitions	2,316.3	4,938.6
Disposals/maturities	(3,213.3)	(4,673.1)
Impairment losses	(124.0)	(6.8)
Unrealized foreign currency gains (losses)	8.4	(4.2)
	4,910.9	5,923.5
Fair value adjustment		
Balance at beginning of year	29.2	264.1
Changes in fair value	(232.5)	(147.3)
Fair value gains on disposal	(23.6)	(94.4)
Impairment losses	124.0	6.8
	(102.9)	29.2
Balance at end of year	P4,808.0	P5,952.7

The decrease in the account balance resulted mainly from (a) Net disposals/maturities amounting to P920.6 million (disposals/maturities net of acquisitions including fair value gains on disposal); and (b) Market value decline of AFS securities amounting to P232.5 million. The disposal of certain AFS financial assets during the year was undertaken mainly to fund the HFT portfolio and increase the asset allocation of the Held-to-maturity portfolio.

Held-to-maturity (HTM) investments amounting to P3,058.5 million as at December 31, 2022 increased by P667.7 million or 28% from the balance as at December 31, 2021 of P2,390.8 million. The increase in the balance resulted mainly from the purchase of corporate bonds amounting to P949.0 million, partially negated by maturities amounting to P281.3 million.

Other investments amounting to P442.3 million as at December 31, 2022 mainly pertains to the investment in short-term time deposits with maturity periods of more than three (3) months but less than one (1) year.

Loans and receivables amounting to P86.2 million as at December 31, 2022 increased by P28.5 million or 49% from the balance as at December 31, 2021 of P57.7 million. The increase in the balance resulted mainly from (a) Increase in accrued interest receivable amounting to P15.3 million due to the increase in

investments in bonds and the impact of higher coupon rates; and (b) Increase in accounts receivable amounting to P9.3 million which was considered temporary as this resulted from sale of HFT securities.

Property and Equipment - net amounting to P45.2 million as at December 31, 2022 decreased by P6.8 million or 13% from the balance as at December 31, 2021 of P52.0 million. The decrease in the balance resulted mainly from the depreciation expense recognized during the year amounting P10.7 million, partially negated by the net acquisitions amounting to P3.9 million.

Reinsurance recoverable on reported losses - net and Reinsurance recoverable on claims reserves amounting to P3,828.6 million as at December 31, 2022 increased by P1,339.3 million or 54% from the balance as at December 31, 2021 of P2,489.3 million. The increase in the balance is aligned with the increase in Losses and claims payable and Claims reserves.

Deferred acquisition costs amounting to P701.3 million as at December 31, 2022 increased by P43.0 million or 7% from the balance as at December 31, 2021 of P658.3 million. The increase in the balance is due mainly to the deferred acquisition cost recognized from Life modified co-insurance contracts.

Deferred reinsurance premiums amounting to P606.1 million as at December 31, 2022 increased by P171.6 million or 39% from the balance as at December 31, 2021 of P434.5 million. The increase in the balance resulted mainly from entering into a multi-year excess of loss contract with coverage period of three years for a particular layer and higher retroceded premiums from Life and Non-life domestic businesses.

Other assets – net amounting to P373.1 million as at December 31, 2022 increased by P47.7 million or 15% from the balance as at December 31, 2021 of P325.4 million. The increase in the balance mainly pertains to the recognition of a receivable from a regulatory body in relation to the collection of tax assessment for the taxable year 2016 amounting to P53.1 million.

Reinsurance balances payable amounting to P2,097.2 million as at December 31, 2022 increased by P500.1 million or 31% from the balance as at December 31, 2021 of P1,597.1 million. The increase in the balance resulted mainly from the accrual of excess of loss retroceded premiums from Non-life business and accrual of retroceded premiums from Life business.

Forward liability amounting to P89.3 million as at December 31, 2022 mainly pertains to the liability recognized from the forward contract where the Company agreed to pay EUR 1.5 million in exchange for USD 1.6 million to manage its exposure to foreign currency exchange rate fluctuations (See Note 7 of the Notes to the financial statements).

Accounts payable and accrued expenses amounting to P303.0 million as at December 31, 2022 decreased by P16.5 million or 5% from the balance as at December 31, 2021 of P319.5 million. The decrease in the balance resulted mainly from the settlements of deposit liability and accounts payable for the purchase of bonds and equity securities. These were partially negated by the accrual of general and administrative expenses.

Losses and claims payable and Claims reserves amounting to P8,543.3 million as at December 31, 2022 increased by P1,225.6 million or 17% from the balance as at December 31, 2021 of P7,317.7 million. The increase in the balance resulted mainly from recognizing reported losses for Typhoon Odette, partially negated by the settlement of claims.

Premium reserves amounting to P1,692.3 million as at December 31, 2022 increased by P159.0 million or 10% from the balance as at December 31, 2021 of P1,533.3 million. The increase in the balance resulted mainly from higher reinsurance premiums from Life and Non-life domestic businesses.

Deferred reinsurance commissions amounting to P12.5 million as at December 31, 2022 increased by P3.2 million or 34% from the balance as at December 31, 2021 of P9.3 million. The increase in the balance resulted mainly from higher commission income from the retrocession of certain reinsurance treaties under the Non-life domestic business.

REVIEW OF 2021 VERSUS 2020

Results of Operations

In Millions Php	For the years ended		Inc(dec)	
	31 Dec 2021	31 Dec 2020	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums, net of returns	P4,195.1	P4,473.7	(P278.6)	-6%
Retroceded premiums	(1,357.2)	(1,276.7)	(80.5)	6%
Net premiums retained	2,837.9	3,197.0	(359.1)	-11%
Movement in premium reserves – net	33.1	182.3	(149.2)	-82%
	2,871.0	3,379.3	(508.3)	-15%
UNDERWRITING DEDUCTIONS				
Share in reported losses – net	1,696.6	1,758.9	(62.3)	-4%
Share in unreported loss reserves – net	265.9	247.0	18.9	8%
Commissions – net	861.3	1,031.7	(170.4)	-17%
	2,823.8	3,037.6	(213.8)	-7%
NET UNDERWRITING INCOME	47.2	341.7	(294.5)	-86%
Interest	259.8	294.0	(34.2)	-12%
Gain on sale of AFS	94.4	309.3	(214.9)	-69%
Foreign currency gains (losses)	25.4	(28.7)	54.1	-189%
Others	24.5	(442.9)	467.4	-106%
INVESTMENT AND OTHER INCOME AND EXPENSES– net	404.1	131.7	272.4	207%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	451.3	473.4	(22.1)	-5%
GENERAL AND ADMINISTRATIVE EXPENSES	260.0	278.4	(18.4)	-7%
PROFIT BEFORE TAX	191.3	195.0	(3.7)	-2%
TAX EXPENSE	49.6	75.1	(25.5)	-34%
NET PROFIT	P141.7	P119.9	P21.8	18%

The Company recorded a net profit of P141.7 million for the year ended December 31, 2021, P21.8 million or 18% higher than the net profit recognized in 2020. The Net profit resulted from generating Net underwriting income of P47.2 million, and Investment and other income and expenses of P404.1 million, negated by General and administrative expenses of P260.0 million and Tax expense of P49.6 million.

Underwriting Results

Net underwriting income amounted to P47.2 million, lower by P294.5 million or 86% compared to 2020. This resulted from higher underwriting losses from non-life foreign and domestic businesses by P284.9 million and P67.8 million, respectively. These were partially negated by higher underwriting income from life business by P58.2 million. Higher underwriting losses from non-life foreign and domestic businesses resulted mainly from higher loss ratio, relative to earned premiums, and lower reinsurance premium income. Higher underwriting income from life business resulted mainly from lower loss ratio and higher reinsurance premium income from its non-modified co-insurance business, partially offset by lower underwriting income from its modified co-insurance business.

Reinsurance premium income amounted to P2,871.0 million, lower by P508.3 million or 15% compared to 2020. This resulted from (a) Lower reinsurance premium income from non-life foreign business resulting mainly from the renewal of certain treaties at a lower share; (b) Lower reinsurance premium income from non-life domestic business due to the increase in unexpired risk reserves, partially negated by higher premiums written; and (c) Lower reinsurance premium income from life business due to lower premiums reported from the modified co-insurance business, partially negated by higher reported premiums for past underwriting years for non-modified co-insurance business.

Share in reported losses - net and Share in unreported loss reserves - net amounted to P1,962.5 million lower by P43.4 million compared to 2020 which resulted to loss ratios of 68% in 2021 and 59% in 2020 relative to earned premiums. Higher loss ratio in 2021 resulted mainly from higher loss ratio incurred for the non-life foreign (2021 – 92%; 2020 – 68%) and domestic (2021 – 77%; 2020 – 70%) businesses while the loss ratio for life (2021 – 38%; 2020 – 41%) was lower compared to 2020. Higher loss ratio for the non-life foreign business resulted mainly from the catastrophe losses relating to flood and hailstorms for treaties covering European risks and Hurricane Ida for treaties covering North America. Higher loss ratio for the nonlife domestic business resulted mainly from the losses incurred from Typhoon Auring and Odette that hit the Philippines in February and December 2021, respectively. Lower loss ratio from life business resulted mainly from the favorable development on losses incurred in prior years.

	For the year ended		Inc (dec)	
	2021	2020	Amount	%
Share in reported losses – net (A)	P1,696.6	P1,758.9	(P62.3)	-4%
Share in unreported loss reserves – net (B)	265.9	247.0	18.9	8%
Total share in reported losses and unreported loss reserves (C) [A+B]	1,962.5	2,005.9	(43.4)	-2%
Total earned premiums (D)	P2,871.0	P3,379.3	(P508.3)	-
Loss ratio (C/D)	68%	59%		

Commissions - net amounted to P861.3 million, lower by P170.4 million or 17% than the same period of 2020 which resulted to commission ratios of 30% in 2021 and 31% in 2020. Lower commission ratio in 2021 resulted mainly from lower commission expense incurred for the life business. This was partially negated by higher commission costs incurred from non-life domestic business due to the impact of higher unexpired risk reserves which was partially negated by higher overriding commissions and higher commission costs from the non-life foreign business due to the unfavorable adjustment in the commission cost estimate.

Investment and Other income and expenses, net amounted to P404.1 million, P272.4 million or 207% higher from P131.7 million in 2020 as investment income and other income were higher by P207.2 million and P65.2 million, respectively.

Investment income was higher by P207.2 million due to minimal impairment loss recognized on available-for-sale equity securities in 2021 compared to the impairment loss of P469.3 million recognized in 2020. This was partially negated by lower gain on sale of fixed income and equity securities by P214.9 million and lower interest and dividend income by P40.4 million.

Higher other income by P65.2 million resulted from foreign exchange gains of P25.4 million in 2021 as compared to foreign exchange losses of P28.7 million in 2020, and lower movement in statutory reserves and other charges by P11.1 million.

General and administrative expenses amounted to P260.0 million, lower by P18.4 million or 7% compared to 2020 of P278.4 resulted mainly from lower taxes during the year.

Tax expense amounted to P49.6 million was lower by P25.5 million or 34% from P75.1 million in 2020 resulting mainly from lower underwriting profit recognized in 2021 and reduction in the applicable income tax rates from 30% in 2020 to 25% in 2021.

Financial Condition

(includes explanation on material changes in the financial statements)

In Millions PhP	Audited	Audited	Inc(dec)	
	31 Dec 2021	31 Dec 2020	Amount	%
CASH AND CASH EQUIVALENTS	P658.2	P950.9	(P292.7)	-31%
REINSURANCE BALANCES RECEIVABLE - net	3,422.2	2,672.4	749.8	28%
AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS	5,952.7	5,933.1	19.6	0%
HELD-TO-MATURITY (HTM) INVESTMENTS	2,390.8	1,958.5	432.3	22%
LOANS AND RECEIVABLES	57.7	71.1	(13.4)	-19%
PROPERTY AND EQUIPMENT - net	52.0	60.0	(8.0)	-13%
REINSURANCE RECOVERABLE ON REPORTED LOSSES – net	1,577.3	2,149.3	(572.0)	-27%
REINSURANCE RECOVERABLE ON CLAIMS RESERVES	912.0	330.6	581.4	176%
DEFERRED ACQUISITION COSTS	658.3	620.8	37.5	6%
DEFERRED REINSURANCE PREMIUMS	434.5	407.4	27.1	7%
OTHER ASSETS	325.4	447.4	(122.0)	-27%
TOTAL ASSETS	P16,441.1	P15,601.5	P839.6	5%
<u>LIABILITIES AND EQUITY</u>				
REINSURANCE BALANCES PAYABLE	P1,597.1	P1,179.6	P417.5	35%
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	319.5	326.3	(6.8)	-2%
LOSSES AND CLAIMS PAYABLE	4,214.8	4,547.4	(332.6)	-7%
CLAIMS RESERVES	3,102.9	2,255.6	847.3	38%
PREMIUM RESERVES	1,533.3	1,539.3	(6.0)	0%
DEFERRED REINSURANCE COMMISSIONS	9.3	6.9	2.4	35%
TOTAL LIABILITIES	10,776.9	9,855.1	921.8	9%
CAPITAL STOCK	2,182.0	2,182.0	-	0%
TREASURY STOCK	(100.5)	(100.5)	-	0%
ADDITIONAL PAID-IN CAPITAL	3,019.2	3,019.2	-	0%
REMEASUREMENT OF DEFINED BENEFIT LIABILITY	(73.4)	(73.9)	0.5	-1%
REVALUATION RESERVES	(29.0)	195.4	(224.4)	-115%
RETAINED EARNINGS	665.9	524.2	141.7	27%
TOTAL EQUITY	5,664.2	5,746.4	(82.2)	-1%
TOTAL LIABILITIES AND EQUITY	P16,441.1	P15,601.5	P839.6	5%

The Company's shareholders' equity amounting to P5,664.2 million as at December 31, 2021 decreased by P82.2 million or 1% from the balance as at December 31, 2020 of P5,746.4 million. The decrease resulted mainly from the decrease in revaluation reserves by P224.4 million mostly from the unfavorable market value movements of Available-for-Sale securities, negated by positive operating results of P141.7 million.

Cash and cash equivalents amounting to P658.2 million as at December 31, 2021 decreased by P292.7 million or 31% from the balance as at December 31, 2020 of P950.9 million. The decrease in Cash and cash equivalents resulted mainly from the net cash used in investing and operating activities amounting to P283.6 million and P22.8 million, respectively. These were partially negated by the favorable foreign currency revaluation amounting to P13.7 million.

Reinsurance balances receivable - net amounting to P3.4 billion increased by P749.8 million or 28% from the balance as at December 31, 2020 of P2.7 billion. The increase resulted mainly from accrual of reinsurance premiums, net of commissions, from life and non-life businesses in 2021 and favorable foreign currency revaluation. These were partially negated by the collections during the period.

AFS financial assets amounting to P6.0 billion as at December 31, 2021 increased by P19.6 million from the balance as at December 31, 2020 of P5.9 billion. The movement in the account balance can be explained by the following:

	2021	2020
Cost		
Balance at beginning of year	P5,669.0	P4,943.7
Acquisitions	4,938.6	6,991.8
Disposals/maturities	(4,673.1)	(5,783.0)
Impairment losses	(6.8)	(469.3)
Unrealized foreign currency losses	(4.2)	(14.2)
	5,923.5	5,669.0
Fair value adjustment		
Balance at beginning of year	264.1	2.1
Changes in fair value	(147.3)	102.0
Fair value gains on disposal	(94.4)	(309.3)
Impairment losses	6.8	469.3
	29.2	264.1
Balance at end of year	P5,952.7	P5,933.1

The increase was mainly due to the net acquisition amounting to P171.1 million (acquisitions net of disposals/maturities including fair value gains on disposal). This was partially negated by the market value decline of AFS securities amounting to P147.3 million and unfavorable foreign currency revaluation of P4.2 million.

HTM investments amounting to P2.4 billion as at December 31, 2021 increased by P432.3 million or 22% from the balance as at December 31, 2020 of P2.0 billion. The increase in these investments mainly resulted from the purchase of corporate bonds amounting to P1.0 billion, partially negated by maturities amounting to P596.7 million.

Loans and receivables amounting to P57.7 million as at December 31, 2021 decreased by P13.4 million or 19% from the balance as at December 31, 2020 of P71.1 million. The decrease resulted mainly from lower accrued interest receivable due to the negative variance in period accrued and interest rates.

Property and Equipment - net amounting to P52.0 million as at December 31, 2021 decreased by P8.0 million or 13% from the balance as at December 31, 2020 of P60.0 million. The decrease resulted mainly

from the depreciation expense amounting P11.5 million, partially negated by the acquisitions amounting to P3.5 million.

Deferred acquisition costs amounting to P658.3 million as at December 31, 2021 increased by P37.5 million or 6% from the balance as at December 31, 2020 of P620.8 million. The increase resulted mainly from the increase in deferred acquisition costs from modified co-insurance contracts, partially negated by lower commission expenses during the year as discussed in Results of operations.

Deferred reinsurance premiums amounting to P434.5 million as at December 31, 2021 increased by P27.1 million or 7% from the balance as at December 31, 2020 of P407.4 million. The movement is consistent with the increase in retroceded premiums in the Results of operations.

Other assets – net amounting to P325.4 million decreased by P122.0 million or 27% from the balance as at December 31, 2020 of P447.4 million. The decrease resulted mainly from the settlement of Funds at Lloyd's amounting to P141.8 million and amortization of intangible assets amounting to P7.0 million, partially negated by overpayment of income taxes and increase in deferred tax assets amounting to P18.9 and P13.1 million, respectively.

Reinsurance balances payable amounting to P1.6 billion increased by P417.5 million or 35% from the balance as at December 31, 2020 of P1.2 billion. The increase resulted mainly from the accrual of retroceded premiums, net of settlements, from both life and nonlife businesses.

Losses and claims payable and Claims reserves amounting to P7.3 billion increased by P514.7 million or 8% from the balance as at December 31, 2020 of P6.8 billion. The increase resulted mainly from recognizing loss reserves for the catastrophe losses that impacted the non-life foreign and domestic businesses as discussed in the Results of operations, partially negated by the settlement of claims.

Deferred reinsurance commissions amounting to P9.3 million increased by P2.4 million or 35% from the balance as at December 31, 2020 of P6.9 million. The increase resulted mainly from higher overriding commission income from non-life domestic business mainly due to higher ceded premiums through our proportional treaties.

REVIEW OF 2020 VERSUS 2019

Results of Operations

In Millions PhP	For the years ended		Inc(dec)	
	31 Dec 2020	31 Dec 2019	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums, net of returns	P4,473.7	P4,338.5	P135.2	3.1%
Retroceded premiums	(1,276.7)	(1,064.2)	(212.5)	20.0%
Net premiums retained	3,197.0	3,274.3	(77.3)	-2.4%
Movement in premium reserves – net	182.3	(81.1)	263.4	-324.8%
	3,379.3	3,193.2	186.1	5.8%
UNDERWRITING DEDUCTIONS				
Share in reported losses – net	1,758.9	1,806.6	(47.7)	-2.6%
Share in unreported loss reserves – net	247.0	281.6	(34.6)	-12.3%
Commissions – net	1,031.7	968.6	63.1	6.5%
	3,037.6	3,056.8	(19.2)	-0.6%
NET UNDERWRITING INCOME	341.7	136.4	205.3	150.5%
Interest	294.0	314.8	(20.8)	-6.6%
Gain on sale of AFS	309.3	79.8	229.5	287.6%
Foreign currency losses	(28.7)	(26.2)	(2.5)	9.5%
Others	(442.9)	(19.1)	(423.8)	2218.8%
INVESTMENT AND OTHER INCOME AND EXPENSES– net	131.7	349.3	(217.6)	-62.3%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	473.4	485.7	(12.3)	-2.5%
GENERAL AND ADMINISTRATIVE EXPENSES	278.4	268.5	9.9	3.7%
PROFIT BEFORE TAX	195.0	217.2	-22.2	-10.2%
TAX EXPENSE	75.1	60.5	14.6	24.1%
NET PROFIT	P119.9	P156.7	(P36.8)	-23.5%

The Company recorded a net profit of P119.9 million for the year ended December 31, 2020, P36.8 million or 23.5 % lower than the net profit recognized in 2019. The Net Profit resulted from generating Net Underwriting Income of P341.7 million, and Investment and Other Income and Expenses of P131.7 million negated by General and Administrative Expenses of P278.4 million and Tax Expense of P75.1 million.

Underwriting Results

Net underwriting income amounted to P341.7 million, higher by P205.3 million or 150.5% compared to 2019. This resulted from higher Reinsurance premium income recognized in 2020 by P186.1 million or 5.8% from P3.2 billion in 2019 to P3.4 billion in 2020 and better loss experience (loss ratios: 2020 - 59%; 2019 - 65%) where Share in reported and unreported losses were lower by P82.3 million or 3.9% compared to 2019, these were partially offset by higher commission ratio relative to earned premiums (commission ratios: 2020 - 31%; 2019 - 30%) which was P63.1 million or 6.5% higher compared to 2019.

Higher Reinsurance premium income in 2020 resulted mainly from the growth in reinsurance premiums written from our life and non-life domestic business and was partially negated by the contraction in our non-life foreign business. The growth in our life business resulted mainly from higher premiums generated from our modified coinsurance treaties and the growth in the non-life domestic business primarily resulted from higher reported premiums for past underwriting years. These were partially negated by lower written premiums from other lines of business as these lines were negatively impacted by the economic slowdown brought about by the COVID-19 pandemic as well as the recapture of certain risks in the life business. The contraction in premiums written in non-life foreign business resulted mainly from the strengthening of the peso against certain foreign currencies and renewing certain treaties at a lower share.

Net written premiums were lower by P77.3 million or 2.4% from P3.3 billion in 2019 to 3.2 billion in 2020. The decrease resulted mainly from the lower net premiums written from our non-life domestic and foreign businesses which was partially negated by higher net premiums written from our life business. The decline in the non-life foreign business was due mainly to lower gross premiums written as discussed above while the decline in the non-life domestic business resulted mainly from higher cost on our excess of loss cover and higher ceded premiums through our proportional treaties. Higher net premiums written for the life business was driven mainly by higher premiums generated from our modified co-insurance treaties which is fully retained by the Company.

Share in reported losses, net and Share in unreported loss reserves, net were lower by P82.3 million or 3.9% in 2020. Lower loss ratio for the year relative to earned premiums, resulted mainly from lower foreign catastrophe losses in 2020 vs 2019 and favorable development from non-life domestic and foreign losses incurred in prior years. These were partially negated by losses incurred from the large domestic typhoons experienced in the last quarter of the year.

Commissions, net amounted to P1,031.7 million, P63.1 million or 6.5% higher from P968.6 million in 2019. Higher commissions resulted mainly from the Company's growth in the life modified co-insurance business, partially negated by lower commissions from non-life foreign and non-life domestic business.

Investment and Other income and expenses, net amounted to P131.7 million was lower by P217.6 million or 62.3% from 2019 which amounted to P349.3 million as Investment income was lower by P200.4 million while other expenses was higher by P17.2 million.

Investment income was lower by P200.4 million in 2020 resulting mainly from the impairment loss of P469.3 million recognized in the first quarter of the year from the Company's available-for-sale equity securities brought by COVID-19 outbreak and the ensuing economic slowdown that resulted to volatility in the local equity market. For the period from December 31, 2019 to March 31, 2020, the index of the local stock market dropped to 5,321.23 points which resulted in decline in market value of the Company's equity securities. These were partially negated by higher gain on sale of fixed income and equity securities amounting to P229.5 million.

Higher other expenses by P17.2 million resulted mainly to the movement in statutory reserves by P13.6 million, higher foreign exchange loss by P2.4 million in 2020 and higher other charges by P1.2 million. Movement in statutory reserves resulted from the co-insurance arrangement as discussed in Accounts payable and accrued expenses.

General and administrative expenses amounted to P278.4 million, slightly higher compared to 2019 of P268.5 million mainly due to higher taxes during the year.

Tax expense amounted to P75.1 million was higher by P14.6 million or 24.1% from P60.5 million in 2019 resulting mainly from higher underwriting profit recognized in 2020.

Financial Condition

(includes explanation on material changes in the financial statements)

In Millions PhP	Audited	Audited	Inc(dec)	
	31 Dec 2020	31 Dec 2019	Amount	%
CASH AND CASH EQUIVALENTS	P950.9	P1,005.0	(P54.1)	-5.4%
REINSURANCE BALANCES RECEIVABLE - net	2,672.4	2,608.8	63.6	2.4%
AVAILABLE-FOR-SALE FINANCIAL ASSETS	5,933.1	4,945.8	987.3	20.0%
HELD-TO-MATURITY INVESTMENTS	1,958.5	2,227.9	(269.4)	-12.1%
LOANS AND RECEIVABLES	71.1	80.0	(8.9)	-11.1%
PROPERTY AND EQUIPMENT - net	60.0	70.4	(10.4)	-14.8%
REINSURANCE RECOVERABLE ON REPORTED LOSSES – net	2,149.3	2,010.8	138.5	6.9%
REINSURANCE RECOVERABLE ON CLAIMS RESERVES	330.6	319.6	11.0	3.4%
DEFERRED ACQUISITION COSTS	620.8	595.5	25.3	4.2%
DEFERRED REINSURANCE PREMIUMS	407.4	454.0	(46.6)	-10.3%
OTHER ASSETS	447.4	387.1	60.3	15.6%
TOTAL ASSETS	P15,601.5	P14,704.9	P896.6	6.1%
<u>LIABILITIES AND EQUITY</u>				
REINSURANCE BALANCES PAYABLE	P1,179.6	P1,185.5	(P5.9)	-0.5%
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	326.3	110.9	215.4	194.2%
LOSSES AND CLAIMS PAYABLE	4,547.4	4,276.7	270.7	6.3%
CLAIMS RESERVES	2,255.6	1,997.6	258.0	12.9%
PREMIUM RESERVES	1,539.3	1,768.3	-229.0	-13.0%
DEFERRED REINSURANCE COMMISSIONS	6.9	6.3	0.6	9.5%
TOTAL LIABILITIES	9,855.1	9,345.3	509.8	5.5%
CAPITAL STOCK	2,182.0	2,182.0	-	0.0%
TREASURY STOCK	(100.5)	(100.5)	-	0.0%
ADDITIONAL PAID-IN CAPITAL	3,019.2	3,019.2	-	0.0%
REMEASUREMENT OF DEFINED BENEFIT LIABILITY	(73.9)	(69.4)	(4.5)	6.5%
REVALUATION RESERVES	195.4	(75.9)	271.3	-357.4%
RETAINED EARNINGS	524.2	404.2	120.0	29.7%
TOTAL EQUITY	5,746.4	5,359.6	386.8	7.2%
TOTAL LIABILITIES AND EQUITY	P15,601.5	P14,704.9	P896.6	6.1%

The Company's shareholders' equity as at December 31, 2020 increased by P386.8 million or 7.2% from P5.4 billion in 2019 to P5.7 billion in 2020. The 7.2% increase resulted mainly from the other comprehensive income brought by market value movements of Available-for-Sale securities amounting to P271.3 million and the positive operating results of P119.9 million.

Cash and cash equivalents amounting to P950.9 million as at December 31, 2020 decreased by P54.1 million or 5.4% than the 2019 balance of P1.0 billion. The decrease in Cash and cash equivalents resulted mainly from the net cash used in investing activities amounting to P276.6 million negated by the net cash generated from operations amounting to P232.8 million.

AFS financial assets amounting to P5.9 billion as at December 31, 2020 increased by P987.3 million or 20.0% from P5.0 billion as at December 31, 2019. The movement in the account balance can be explained by the following:

	2020	2019
Cost		
Balance at beginning of year	P4,943.7	P4,946.3
Acquisitions	6,991.8	2,848.5
Disposals/maturities	(5,783.0)	(2,783.0)
Impairment losses	(469.3)	(57.5)
Unrealized foreign currency losses	(14.2)	(10.6)
	5,669.0	4,943.7
Fair value adjustment		
Balance at beginning of year	2.1	(366.4)
Changes in fair value	102.0	390.7
Fair value gains on disposal	(309.3)	(79.7)
Impairment losses	469.3	57.5
	264.1	2.1
Balance at end of year	P5,933.1	P4,945.8

The increase was mainly due to the net acquisition amounting to P1.2 billion (acquisitions net of disposals/maturities) partially negated by the impairment loss of P469.3 million and increase in fair value by P262.0 million.

HTM investments amounting to P2.0 billion as at December 31, 2020 decreased by P269.4 million or 12.1% from P2.2 billion as at December 31, 2019. The decrease in these investments mainly resulted from maturities amounting to P480.9 million, partially negated by the purchase and amortization of corporate bonds amounting to P200.0 million and P11.6 million respectively.

Loans and receivables amounting to P71.1 million as at December 31, 2020 decreased by P8.9 million or 11.1%. The decrease resulted mainly from lower accrued interest receivable due to low interest rates in 2020.

Property and Equipment - net amounting to P60.0 million as at December 31, 2020 decreased by P10.4 million or 14.8% from P70.4 million as at December 31, 2019 resulting mainly from the depreciation expense amounting P13.5 million. This was partially negated by the acquisitions amounting to P3.3 million.

Reinsurance recoverable on reported losses amounting to P2.5 billion as at December 31, 2020 increased by P149.5 million or 6.4% from the balance as at December 31, 2019 of P2.3 billion, the increase in the balance is aligned with the increase in Losses and claims payable and Claims reserves.

Deferred reinsurance premiums amounting to P407.4 million as at December 31, 2020 decreased by P46.6 million or 10.3% from P454.0 million as at December 31, 2019. The decline in the account balance is aligned with the decline in the Premium reserves account.

Other assets – net amounting to P447.4 million increased by P60.3 million or 15.6% from the balance as at December 31, 2019 of P387.1 million resulting mainly from the increase in deferred tax assets by P84.0 million. This was partially negated by the unfavorable revaluation adjustment of Funds at Lloyds by P8.0

million, decrease in intangible asset by P9.3 million and decrease in defined benefit asset and prepaid expenses by P5.8 million.

Accounts payable and accrued expenses amounting to P326.3 million as at December 31, 2020 increased by P215.4 million or 194.2% from P110.9 million as at December 31, 2019. The increase resulted mainly from the recognition of statutory reserves that accompanied a co-insurance arrangement entered into by the Company during the first quarter of 2020 which amounted to P180.0 million (see Note 16 of the notes to the financial statements).

Losses and claims payable and Claims reserves amounting to P6.8 billion increased by P528.7 million or 8.4% from the balance as at December 31, 2019 of P6.3 billion. The increase in the account balance resulted mainly from premiums earned during the year and loss reserves recognized for the domestic typhoons that occurred in the last quarter of 2020.

Premium reserves amounting to P1.5 billion decreased by P229.0 million or 13.0% from the balance as at December 31, 2019 of P1.8 billion. The decline in the account balance resulted mainly from lower written premiums from certain lines of business as these lines were negatively impacted by the economic slowdown brought about by the COVID-19 pandemic as well as the recapture of certain risks in the life business.

Deferred reinsurance commissions amounting to P6.9 million increased by P0.6 million or 9.5% from the balance as at December 31, 2019 of P6.3 million. The increase resulted mainly from higher ceded premiums through our proportional treaties.

KEY PERFORMANCE INDICATORS

	2022	2021	2020
Net Profit	P56 million	P142 million	P120 million
Earnings per share	P0.026	P0.067	P0.056
Retention ratio	63%	68%	71%
Combined ratio	104%	107%	98%
Return on average equity	0.99%	2.48%	2.16%

The company's key performance ratios for the last three years are described hereunder:

Net Profit – The Company's net income amounted to P56 million in 2022, P142 million in 2021 and P120 million in 2020.

Earnings per share (EPS) - EPS is computed by dividing net profit by the weighted average number of shares issued and outstanding. The company's EPS was P0.026, P0.067 and P0.056 for the years ended December 31, 2022, 2021 and 2020, respectively.

Retention ratio - indicates the total amount of business risk retained by the company, computed by dividing reinsurance premiums retained by reinsurance premiums (Gross Premiums Written or GPW). Retention ratio in 2022 is 63%, lower than retention ratio of 68% in 2021 and 71% in 2020.

Combined ratio - a measure of performance used by the Company as this measures the profitability of its insurance operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means that it is paying more claims and expenses than it should be receiving from premiums. Combined ratio is the sum of loss ratio, commission ratio and expense ratio. The combined ratios for the last three years were 104% in 2022, 107% in 2021 and 98% in 2020.

Return on average equity (ROE) - measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners, computed by dividing net income by average equity. ROE for the last three years were 0.99%, 2.48% and 2.16%, for 2022, 2021, and 2020, respectively.

FINANCIAL SOUNDNESS INDICATORS*

	2022	2021	2020
Current Ratio	1.90	2.24	2.29
Asset to Equity Ratio	3.27	2.90	2.76
Total Liabilities/Equity	2.27	1.90	1.76

* Note 35 of the Audited Financial Statements

Material Event/s and Uncertainties:

Other than the disclosures described in the preceding sections, the Company has nothing to report on the following:

- a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
- b. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- c. Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. Any material commitments for capital expenditures.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- f. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- g. Any seasonal aspects that had a material effect on the financial condition or results of operations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

R.G. Manabat & Co. has served as the independent auditor of the Company's financial statements since 2020. The Company has not had any material disagreements on accounting or financial disclosure matters with R.G. Manabat and Co.

External Audit Fees

The following are the aggregate fees (in Philippine Pesos) billed for each of the last three fiscal years by our independent auditors for the professional services rendered respectively

	2022	2021	2020
Audit and audit-related fees	P1,146,200	P1,091,200	P1,170,400
Other assurance and related services*	30,000	40,000	30,000
Total	P1,176,200	P1,131,200	P1,200,400

*Board of Canvasser Fee

The Audit Committee reviewed the external auditor's engagement letter covering their scope of work and the reasonableness of the related professional fee. The Audit Committee recommended for approval of the Board the appointment of R.G. Manabat & Co. (KPMG Philippines) as the external audit service provider for the subject audit year. The Board approved the appointment subject to ratification by the stockholders during the Company's annual stockholders meeting, held on 30 June 2022.

**MARKET FOR REGISTRANT’S COMMON EQUITY
AND RELATED STOCKHOLDER MATTERS**

Market Information

The common shares of the Company have been listed on the Philippine Stock Exchange since April 27, 2007. The high and low prices for each quarter of the last two years are as follows:

	<u>2022</u>		2021	
	High	Low	High	Low
1st Quarter	0.72	0.60	0.84	0.63
2nd Quarter	0.72	0.60	0.73	0.61
3rd Quarter	0.70	0.59	0.68	0.61
4th Quarter	0.69	0.53	0.70	0.59

The closing price information as of the latest practicable trading date, May 16, 2023, was P0.455 per share.

Dividends

It is the Company’s policy to declare dividends with the pay-out determined by the Company’s performance as well as by the availability of unappropriated retained earnings for distribution. On May 16, 2013, the Company declared cash dividends of P0.02 per share for a total amount of P 42, 472,112 which was paid on June 14, 2013. The payment of dividends by insurance companies is governed in the Philippines by Section 201 of the Amended Insurance Code as well as by Section 43 of the Corporation Code, both of which establish the appropriate amount of retained earnings, which may be paid out for dividend distribution. Under the Amended Insurance Code, *‘no domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements under Section 194 and except from profits attested in a sworn statement to the Commissioner by the president or treasurer of the corporation to be remaining on hand after retaining unimpaired: (a) The entire paid-up capital; (b) The solvency requirements defined by Section 200; (c) In the case of life insurance corporations, the legal reserve fund required by Section 217; (d) In the case of corporation other than life, the legal reserve fund required by Section 219; and (e) A sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes’*. Beyond these inherent limitations, there are no known restrictions or impediments to the Company’s ability to pay dividends on common equity or are there likely to be any in the future.

Approximate Number of Holders as of April 30, 2023

There were approximately 268 common shareholders of the Company as of April 30, 2023. The Top 20 shareholders as of April 30, 2023, with their corresponding shares and percentage ownership of the Company, are as follows:

	Name of Record Owner	No. of Shares Held	Percentage
1	PCD Nominee Corporation (Filipino) (Non-Filipino)	1,684,422,286 6,617,010	79.32% 0.31%
2	Bank of the Philippine Islands	290,795,500	13.69%
3	FGU Insurance Corporation	36,126,000	1.70%
4	Philippines First Insurance Co., Inc.	11,075,200	0.52%

	Name of Record Owner	No. of Shares Held	Percentage
5	Pa, Ana Go &/or Go Kim	7,500,000	0.35%
6	Phil. Int'l Life Insurance Co., Inc	4,450,200	0.21%
7	The New India Assurance Company, Limited	4,168,300	0.20%
8	South Sea Surety & Ins. Co., Inc.	4,152,700	0.20%
9	Federal Phoenix Assurance Company Inc.	3,786,300	0.18%
10	Oriental Assurance Corporation	3,560,800	0.17%
11	Visayan Surety & Insurance Corp.	3,545,500	0.17%
12	BPI/MS Insurance Corp.	3,347,500	0.16%
13	Beneficial Life Insurance Company Inc	3,193,500	0.15%
14	Manila Surety & Fidelity Co., Inc.	3,168,400	0.15%
15	Romualdez, Ferdinand Martin G.	3,000,000	0.14%
16	Stronghold Insurance Co., Inc.	2,817,600	0.13%
17	United Life Assurance Corp.	2,518,100	0.12%
18	The Premier Insurance & Surety Corporation	2,456,100	0.12%
19	Sterling Insurance Co., Inc.	2,453,900	0.12%
20	People's Trans-East Asia Ins. Corp	2,435,300	0.11%

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company had no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

Corporate Governance

The management and the Board of Directors of Nat Re recognize that a good corporate governance system is integral to the mandate given by the Company's shareholders. In this regard, the Company has established its Manual on Corporate Governance pursuant to: (a) Insurance Commission (IC) Circular Letter No. 31-2005, as amended by IC Circular Letter No. 2020-71, (b) Code of Corporate Governance for Publicly Listed Companies per SEC Memorandum Circular No. 19, Series of 2016 and (c) other relevant IC and SEC issuances and regulations.

On an annual basis, the Company conducts a regular review of its corporate governance policies and practices through a self-assessment using scorecards and best-practice guidelines issued by the SEC, and the Insurance Commission through the Integrated- Annual Corporate Governance Report (I-ACGR) and the ASEAN Corporate Governance Scorecard (ACGS).

The Board, through its Governance Committee, performs a self-evaluation in which the current and potential state of the Company's corporate governance practices were rated using best practice guidelines issued by the SEC and IC. Through this assessment, the Company was able to evaluate its corporate governance system, measure the level of compliance with the Manual of Corporate Governance and identify areas for improvement to further strengthen its policies and procedures and protect the interests of the Company and its stakeholders.

The Governance Committee shall oversee the annual performance evaluation of the Board, its board committees as well as the individual director's performance. The assessment criteria include the structure, efficiency and effectiveness of the Board as a body, the composition, organization and processes implemented within the different board committees and the knowledge, attendance and overall contribution of each member director to their respective board committees. The criteria for the board performance assessment is given a weight of 40% for the Board as a Body, a 35% weight for the Board Committees in General, and a 25% weight for the individual director's self-assessment. The 2022 Board Assessment result showed the highest rating compared to the 3-year average for all categories above and the overall rating registered 14.52 points out of a total score of 15 points and this equates to an Excellent rating.

The Company is committed to continuously improve its corporate governance practices. This effort was affirmed by the latest 2022 ASEAN Corporate Governance Scorecard report rendered by the ICD on the performance of the company as compared to the insurance industry. Nat Re obtained a score of 100.41 points, which is higher than the previous year's score of 99.43 points. This result is equivalent to a three-Golden Arrows for its good corporate governance practices, based on the ASEAN Corporate Governance Scorecard (ACGS).

The ACGS was introduced to Philippine publicly listed companies (PLCs) in early 2012 to raise the corporate governance standards of ASEAN member countries.

Attendance of the Regular and Independent Directors in the Board and Board Committee Meetings

The following are the attendance of the Regular and Independent Directors (ID) in the Board Meeting and Board Committee Meetings comprised of the Audit Committee (AUD), Underwriting Committee (U/W), Investment Committee (INV), Risk and Oversight Committee (ROC), Governance and Related Party Transaction Committee (GRPT), and Nomination and Compensation Committee (NCC):

Directors	BOARD	AUD	U/W	INV	ROC	GRPT	NCC
Jose Arnulfo A. Veloso*	6/6		2/3	4/5			1/1
Wilfredo C. Maldia**	6/6						1/1
Yvonne S. Yuchengco	11/12			6/8			3/3
Joli Co Wu	11/12		4/4				3/3
Allan R. Santos	12/12				4/4		
Jocelyn DG Cabreza	11/12			6/8			
Nora M. Malubay	11/12		3/4				
Maria Consuelo A. Lukban	9/12			8/8	3/4		
Reginaldo Anthony B. Cariaso	10/12		4/4	7/8			2/3
Rafael G. Ayuste	12/12			8/8			
Antonio M. Rubin	12/12		4/4				
Medel T. Nera (ID)	12/12	7/7		8/8	4/4	4/4	
Roberto G. Manabat (ID)	11/12	6/7			4/4	4/4	1/3
Rex Maria A. Mendoza (ID)	10/12	6/7			4/4	4/4	

* Elected effective July 28, 2022

** Resigned effective July 27, 2022

Compliance with the Best Practices on Corporate Governance

Nat Re, being a publicly listed company (PLC), is in full compliance with the rules and regulations of the Securities and Exchange Commission, Philippine Stock Exchange, Insurance Commission and other regulatory agencies. Consistently, Nat Re fully complied with the SEC and PSE's reportorial requirements on good corporate governance practices and these include the following:

1. Submitted timely its Integrated Annual Corporate Governance Report (I-ACGR), pursuant to the SEC Memorandum Circular No. 15, Series of 2017.
2. Uploaded the ASEAN Corporate Governance Scorecard to the Company's website, pursuant to the SEC Memorandum Circular No. 18, Series of 2013.
3. Obtained certification of Board Attendance, submitted required reports involving quarterly financial statements, made disclosures of material information and events, and required the annual attendance of Board Members and Key Officers to Corporate Governance training program; and
4. Complied with disclosure requirements on direct and indirect ownership of securities under the Regulation Code, or SRC, and regularly reports any trading transactions of directors and key officers

of the Company within the required reporting period. There has been no case of insider trading involving directors and/or management of the Company:

5. Prepared timely its Annual Sustainability Report for the year 2022.

Policies and Implementing Rules Related to Corporate Governance

Nat Re is committed to continuously improve its existing corporate policies and procedures while it observes and practices the following best standards on corporate governance.

1. The company's transactions with its related parties are conducted in fair and arms-length terms. Governance and Related Party Transaction (GRPT) Committee is required to review the material / significant Related Party Transactions (RPT), together with the review of quarterly/ annual financial information, to determine, whether these RPTs are in the best interest of the company. The Audit Committee reviews the company's internal control system. The results of those reviews are included in the Annual Report of the Audit Committee and the subject report is included in the company's Annual Report.
2. The Board materials are distributed to directors at least five (5) business days prior to the board meeting to give ample time for review of subject board materials.
3. It is also stated in the Company's Code of Ethics that directors, officers and employees of Nat Re are committed to avoid activities and interests that could significantly affect the objective or effective performance of one's duties and responsibilities in the company, including having business interests, receiving and giving gifts of unusually high value to persons or entities with whom the company relates and insider's trading.
4. Dealings in company shares by the Directors and Officers are reported to the Compliance Officer within three (3) business days and immediately reported to PSE and SEC within the period required for reporting. The Company has established its Policy on Insider's Trading. Directors, Officers and Employees are mandated not to trade in the company's securities using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the company as stated in the Confidentiality section of the Norms of Business Conduct and Ethics.
5. Any actual or apparent conflict of interest, and any material transaction or relationship that could reasonably give rise to a conflict of interest, must be immediately disclosed to the Human Resources Department if involving company employees or to the Audit Committee, if any Senior Management personnel or Board member is involved. Directors and officers are mandated to base all business decisions and actions with the best interest of the Company in mind at all times. Decisions must not be motivated by personal considerations and other relationships, which may interfere with the exercise of independent judgment. These are in accordance with the set norms of Business Conduct and Ethics.

Stakeholder Relations

Shareholder and Investor Relations

The Company has set up communication channels that promote effective communication with its shareholders and the investing community. Aside from the regular reporting and disclosures to the various regulating agencies such as the SEC, PSE and IC, the Company actively maintains its website that provides timely information updates on its governance, operational, financial performance, credit rating report and other relevant activities for public information. The Company has also designated its investor relations/communication officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website.

Employee Relations

The Company explicitly articulates its recognition and protection of the rights and interests of its employees through its Employee Manual of Policies and Procedures. The manual also governs employee related matters to ensure uniformity and consistency of interpretation and implementation, promote harmonious employer-employee relationship as well as set-up guidelines in protecting the use of material inside information.

The Company provides post-employment benefits, which is a wholly funded, tax-qualified, non-contributory defined benefit retirement plan that is being administered by a trustee and covers all regular full-time employees. The employees also participate in various industry and regulatory training and seminars that are designed for their career advancement and functional development and are linked towards shareholder value creation.

Cultivating Sustainable Community

The Company's efforts have always focused on mitigating the consequences of natural catastrophes. It participates in programs on this subject and is working with the Philippine non-life insurance industry to put in place mitigation measures. The Company also participates jointly in community related projects undertaken by other entities from time to time. Other environment-related and community involvement programs are being facilitated to further contribute to the insurance industry and the Philippine society. Please refer to our [2022 Nat Re Sustainability Report](#).

Code of Ethics

Nat Re promotes a culture of good corporate governance by observing and implementing its Code of Ethics that is founded on the Company's core business principles of fairness, accountability, integrity, transparency and honesty. The code guides individual behavior and decision making, and clarifies responsibilities and proper conduct for its directors, officers and employees.

Sustainability Report

We at Nat Re are fully committed to more consciously manage our business' impact on the economy, the environment, and the greater society, and monitor our contributions to achieving universal sustainability goals. Nat Re's board of directors, senior management, and employees are dedicated to proactively integrate a philosophy of sustainable development into the Company's corporate, business, and functional strategies and day-to-day activities. For 2022, [Nat Re Sustainability Report](#) highlights our continuing contribution toward a stronger economy, a cleaner environment, and a healthier society.

2023 CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO G. MANABAT**, Filipino, of legal age and a resident of [REDACTED], [REDACTED], [REDACTED], [REDACTED] pa [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **National Reinsurance Corporation of the Philippines (the "Corporation")** and have been its independent director since June 2021.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
LISTED COMPANIES		
Union Bank of the Philippines	Lead/Independent Director	Since 2018
SM Investments Corporation	Advisor to the Board of Directors	Since 2015
Century Peak Holdings Corporation	Advisor to the Board of Directors	Since 2022
NON-LISTED COMPANIES		
Union Digital Bank	Independent Director	November 2021
Goldilocks Bakeshop, Inc.	Independent Director	June 2021
City Savings Bank	Independent Director	January 2021
Citibank Financial Services & Insurance Brokerage, Inc.	Independent Director	Since 2022
Sodexo BRS Philippines	Independent Director	Since 2022
KPMG R.G. Manabat Foundation	Chairman	Since 2017
Shareholders' Association of the Philippines	Member of the Board of Trustees	Since 2019
Institute of Corporate Directors	Life Fellow	Since 2005

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **National Reinsurance Corporation of the Philippines**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission (SEC) and Insurance Commission.
4. I am not related to any director, officer, substantial shareholder of the Corporation or any of its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not employed in government service or affiliated with any government agency or government owned and controlled corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC and IC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of APR 20 2023, at MAKATI CITY.

[REDACTED]

Roberto G. Manabat
Affiant

APR 20 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his passport issued at [REDACTED] on 05 November 2020.

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Page No. 9;
Book No. I;
Series of 2023;



PATRIZIA ADELINE A. LUCINDO
Appointment No. M-017
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563755; 01-03-2023; Makati City
BP No. 260269; 01-03-2023; Tarlac Chapter
Roll No. 80669

2023 CERTIFICATION OF INDEPENDENT DIRECTOR

I, **REX MARIA A. MENDOZA**, Filipino, of legal age and a resident of No. [REDACTED], [REDACTED] S [REDACTED], [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **National Reinsurance Corporation of the Philippines (the "Corporation")** and have been its independent director since June 2019.
2. I am affiliated with the following companies or organizations:


COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
LISTED COMPANIES		
Globe Telecom	Lead / Independent Director	2014 - Present
AyalaLand Logistics Holdings, Corp.	Lead / Independent Director	2016 - Present
Ayala Land, Inc.	Independent Director	April 22, 2020 - Present
NON-LISTED COMPANIES		
G-Xchange Inc. (GXI or GCash)	Director	2021 - present
Mobile Group, Inc.	Director	2021 - present
Singapore Life Philippines, Inc.	Chairman	2019 - Present
Seedbox Technologies, Inc.	Director	2019 - Present
Soldivo Strategic Growth Fund, Inc.	Chairman	2018 - Present
Soldivo Bond Fund, Inc.	Chairman	2018 - Present
FLT Prime Insurance	Director	2016 - Present
Esquire Financing, Inc.	Director	2013 - Present
Cullinan Group, Inc.	Director	2008 - Present
Seven Tall Trees Events Company, Inc.	Director	2008 - Present
TechnoMarine Enterprise	Director	2001 - Present
Rampver Financials Inc.	Director	1993 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **National Reinsurance Corporation of the Philippines**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and



Regulations and other relevant issuances of the Securities and Exchange Commission (SEC) and Insurance Commission.

4. I am not related to any director, officer, substantial shareholder of the Corporation or any of its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not employed in government service or affiliated with any government agency or government owned and controlled corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC and IC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of APR 20 2023, at MAKATI CITY.


Rex Maria A. Mendoza
Affiant

APR 20 2023

SUBSCRIBED AND SWORN to before me this _____ day of _____ at MAKATI CITY, affiant personally appeared before me and exhibited to me his passport no.  issued at  on May 2, 2018.

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Page No. 1;
Book No. 1;
Series of 2023;



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PATRIZIA ADELINE A. LUCINDO
Appointment No. M-017
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563755; 01-03-2023; Makati Cit
IBP No. 260269; 01-03-2023; Tarlac Chapt
Roll No. 80669

2023 CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MEDEL T. NERA**, Filipino, of legal age and a resident of [REDACTED], [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **National Reinsurance Corporation of the Philippines (the "Corporation")** and have been its independent director since July 2011.
2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
LISTED COMPANIES		
House of Investments, Inc.	Director	12 years
IPeople, Inc.	Director	12 years
EEl Corporation	Director	12 years
Seafront Resources Corp.	Director	12 years
Ionics, Inc.	Independent Director	Since Nov 2020
Holcim Philippines, Inc.	Independent Director	Since Jan 2021

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **National Reinsurance Corporation of the Philippines**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other relevant issuances of the Securities and Exchange Commission (SEC) and Insurance Commission.
4. I am not related to any director, officer, substantial shareholder of the Corporation or any of its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not employed in government service or affiliated with any government agency or government owned and controlled corporation (GOCC).
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC and IC issuances.
8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of APR 20 2023, at MAKATI CITY.

[Redacted Signature]

Medel T. Nera
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of APR 20 2023 at MAKATI CITY, affiant personally appeared before me and exhibited to me his passport [Redacted] issued at [Redacted] on July 7, 2021.

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Book No. II ;
Series of 2023 ;



PATRIZIA ADELINE A. LUCINDO
Appointment No. M-017
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563755; 01-03-2023; Makati City
BP No. 260269; 01-03-2023; Tarlac Chapt:
Roll No. 80669

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) ss

CERTIFICATION AND UNDERTAKING

I, **JACQUELINE MICHELLE C DY**, of legal age, Filipino, and with business address at the 31st Floor, BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City, after having been duly sworn in accordance with law, depose and say that:

1. I am the Vice President and Head of Risk and Compliance of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**, doing business under the names and styles of Nat Re, Philippine National Reinsurance Company and PhilNaRe, a corporation organized and existing under the laws of the Philippines (the "Corporation").
2. In connection with the Annual Stockholders' Meeting of the Corporation scheduled on July 5, 2023 (the "2023 ASM"), 2:30 P.M. at the Carlos P. Romulo Auditorium, Podium 4, Tower II, RCBC Plaza, 6819 Ayala Avenue, Makati City, I hereby certify as follows:
 - (a) Except for Ms. Evelina G. Escudero, Mr. Alan R. Luga and Ms. Jocelyn D.G. Cabreza, who are all connected with the Government Service Insurance System ("GSIS"), none of the Corporation's other nominees for directors and officers at the 2023 ASM is connected with any government agencies or its instrumentalities; and
 - (b) Attached to this certification and form part of the Corporation's filing for the Preliminary Information Statement ("PIS") for the 2023 ASM is GSIS' letter dated May 4, 2023, consenting to the nomination and election of Ms. Evelina G. Escudero, Mr. Alan R. Luga and Ms. Jocelyn D.G. Cabreza as directors of the Corporation.
3. I am executing this Certification and Undertaking in compliance with the requirements of the Securities and Exchange Commission.



JACQUELINE MICHELLE C DY
Vice President/
Head of Risk and Compliance

SUBSCRIBED AND SWORN to before me this **MAY 09 2023** at Makati City, affiant exhibiting to me her passport no. [REDACTED] issued on [REDACTED] at [REDACTED]

Doc. No. 336;
Page No. 69;
Book No. 11;
Series of 2023.



SCE
SHAIN BIANCA C. EPANAG
Appointment No. M-018
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 9563753; 01-03-2023; Makati City
IBP No. 260293; 01-03-2023; Cavite Chapter
Roll No. 79039



4 May 2023

SECURITIES AND EXCHANGE COMMISSION (SEC)

PICC, Roxas Boulevard,
Pasay City

Attention : **Director Vicente Graciano P. Felizmenio, Jr.**
Markets and Securities Regulation Department

Re : **Certification of NRCP's Directors in Government Service**

Gentlemen:

This is in reference to the required certification that none of the directors of National Reinsurance Corporation of the Philippines (NRCP) is an elected or appointed official of the government.

The Government Service Insurance System (GSIS) currently owns 25.73% of the outstanding capital stock of the NRCP. The GSIS has been a stockholder of NRCP since the latter's incorporation on June 7, 1978; and as a stockholder, the GSIS has the right to appoint nominee directors in the NRCP.

In view of the foregoing, NRCP **cannot** submit a certification that none of its directors is an appointed or elective official of the government. However, as a shareholder of NRCP, the GSIS confirms that in the execution of their duties as board members of NRCP, the GSIS nominee directors in NRCP do not receive any additional compensation from the NRCP but merely receive reasonable per diems and gratuities for their attendance to the board meetings of the NRCP. Thus, the appointment by the GSIS of its nominee directors in the NRCP does not violate Article IX (B), Section 8 of the Constitution. The GSIS hereby confirms that it consents to the nomination and election of Ms. Evelina G. Escudero, Ms. Jocelyn G. Cabreza, and Mr. Alan R. Luga as directors in the NRCP.

We trust that the foregoing explanation is sufficient.

Very truly yours,


ATTY. LUZ VICTORIA F. RIVERA-MORANDO
Corporate Secretary
GSIS

Your BIR AFS eSubmission uploads were received

External

Inbox ×



eafs@bir.gov.ph

to IRENE.LOZADA, SAN.SONTILLANO

Hi NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES,

Valid files

- EAFS000480869RPTTY122022.pdf
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- <None>

Transaction Code: **AFS-0-4WS2Z4W30BCCK9BE6Q4MTM3410MNP MN3P**

Submission Date/Time: **Apr 27, 2023 10:28 AM**

Company TIN: **000-480-869**

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NATIONAL
REINSURANCE
CORPORATION
OF THE PHILIPPINES

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **National Reinsurance Corporation of the Philippines** (the Company), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, 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.

The Board of Directors (the Board) is responsible for overseeing the Company's financial reporting process.

The Board reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

KPMG Philippines, the independent auditors appointed by the stockholders have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, have expressed its opinion on the fairness of presentation upon completion of such audit.

[Redacted Signature]

EVELINA G. ESCUDERO
Chairperson of the Board

[Redacted Signature]

ALLAN R. SANTOS
President & Chief Executive Officer

[Redacted Signature]

JOLI CO WU
Treasurer

[Redacted Signature]

SANTINO U. SONTILLANO
Vice President & Head of Finance

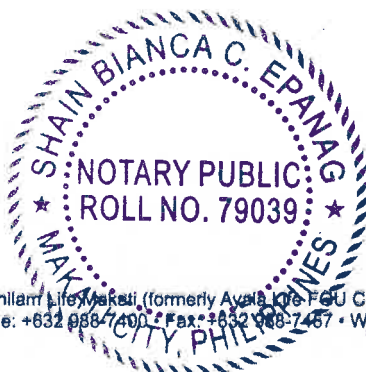
Signed this day of April, 2023.

APR 27 2023

SUBSCRIBED AND SWORN TO before me on _____ at Makati City,
Affiants exhibited to me their passport numbers.

Name	Passport No.	Date Issued	Place of issue
EVELINA G. ESCUDERO	[Redacted]	[Redacted]	[Redacted]
JOLI CO WU	[Redacted]	[Redacted]	[Redacted]
ALLAN R. SANTOS	[Redacted]	[Redacted]	[Redacted]
SANTINO U. SONTILLANO	[Redacted]	[Redacted]	[Redacted]

Doc. No. 276
Page No. 7
Book No. 17
Series of 2023.



Shain
Notary Public
SHAIN BIANCA C. EPANAG
Appointment No. M-018
Notary Public for Makati City
Until December 31, 2024
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
IBP No. 260293, 01-03-2023, Cavite Chapter
Roll No. 79039



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The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
National Reinsurance Corporation of the Philippines
31st Floor BPI-Philam Life Makati
6811 Ayala Avenue, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Reinsurance Corporation of the Philippines (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and notes, comprising significant 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, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 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 Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

(P4.71 billion, see statement of income and Notes 2, 4 and 20 to the financial statements)

The risk

Reinsurance premium is recognized as revenue over the period of the reinsurance contracts using the “24th method”. The Company’s reinsurance premiums consists of actual amounts reported by the cedants and accrued reinsurance premiums based on the terms of the reinsurance contracts, historical experience and latest information provided by the cedants. The accrued reinsurance premiums were estimated based on assumptions and are therefore subject to considerable uncertainties and high degree of management judgment.

Due to the material significance of the amount of reinsurance premiums and the associated uncertainties in the estimations made, this matter was of particular significance in the context of our audit.

Our response

As part of our audit procedures, we evaluated and tested the internal controls over the completeness, existence and accuracy of the reinsurance premiums recognized in the financial statements. We vouched reinsurance contracts on sampling basis, performed cut-off testing including, among others, examining the date of approval and receipt date for reinsurance contracts near period-end and subsequent to period-end. For the reasonableness of recorded accrued reinsurance premiums, we analyzed historical experience and tested management’s estimates by comparing the actual premiums received with the previously reported accrual. We assessed the propriety of the assumptions underlying the estimate and determined whether there were any indicators of management bias.

Valuation of Reinsurance Balance Receivables

(P3.37 billion, see statement of financial position and Notes 2, 4 and 6 to the financial statements)

The risk

The risk in this area pertains to the valuation of reinsurance balances receivables including recoverability from cedants and retrocessionaires. In determining such valuation and recoverable amount, management exercised significant judgment on the credit risk assessment as well as both on the timing of recognition of impairment losses and the estimation of the amount of the impairment.



Our response

As part of our audit procedures, we evaluated the appropriateness of the Company's accounting policy on impairment, and assessed and challenged the key assumptions used by management whether there were any indicators of management bias in their selection of methods used to compute for the allowance for impairment losses on reinsurance balance receivables. We performed analysis of the adequacy of the impairment allowance by testing the aging of reinsurance balance receivables and identifying potential troubled accounts considering, among others, past due accounts, accounts under litigation and accounts from closed ceding companies and retrocessionaires.

Valuation of Claims Liabilities

(P2.83 billion, see statement of financial position and Notes 2, 4 and 19 to the financial statements)

The risk

Claims liabilities represent estimates of future payments of reported and unreported claims and related expenses. The valuation of claims reserves involves a high degree of subjectivity and complexity.

The Company uses a range of actuarial methodologies to estimate claims reserves. The expected value takes into account assumptions about premium, ultimate loss ratios and run-off periods that are based on actuarial estimate from historical experience. Other key factors include but are not limited to changes in exposure and business mix as well as inflation trends, claim emergence trends, and legal or regulatory decisions.

Our response

As part of our audit procedures, we tested the design, implementation and effectiveness of key controls established by the Company for estimating claims reserves, and tested the completeness and accuracy of the underlying data used in the estimation. This involved engaging external actuarial specialists to assist us in assessing the reasonableness of the assumptions and methodologies used in the determination of claims reserves. We also recalculated the claims reserves and unexpired risk reserves in accordance with the relevant regulatory requirements, verified the accuracy of the amounts of claims reserves based on stratified sampling, and determined compliance with the liability adequacy test as required by the Insurance Commission and relevant accounting standards.

Valuation of Available-for-sale Financial Assets

(P4.81 billion, see statement of financial position and Notes 2, 4, 8 and 33 to the financial statements)

The risk

Due to current market volatility, there is a significant focus in ensuring that the investments of the Company are valued in accordance with applicable standards, as it holds and manages a substantial available-for-sale investment portfolio which comprise mainly of debt and equity investments to meet its obligations under the reinsurance contracts. As such, we determined this to be significant focused area during our audit.



The Company performs an impairment review of its available-for-sale investments at the end of each reporting period and impairment is recognized when there has been a significant or prolonged decline in the fair value of these investments below their costs. Significant management judgment is involved in evaluating the existence of objective evidence of impairment and the determination of what constitutes significant or prolonged decline in the fair value.

Our response

As part of our audit procedures, we evaluated the appropriateness of the Company's impairment policy and the significant judgment used by management in evaluating the objective evidence of impairment for available-for-sale investments. We examined the impairment assessments performed by the management in determining the amount of impairment losses. We also performed an independent impairment test to determine the adequacy of the impairment losses recognized using external information where available, or by analyzing the observable data that we considered to be an objective evidence of impairment.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement) and SEC Form 17-A, both of which do not include the financial statements and our auditors' report thereon, and the Annual Report for the year ended December 31, 2022. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.



Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 37 to the basic financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Tireso Randy F. Lapidez.

R.G. MANABAT & CO.



TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2020

Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 9563831

Issued January 3, 2023 at Makati City

April 26, 2023

Makati City, Metro Manila

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021
(Amounts in thousands)

	<i>Notes</i>	2022	2021
ASSETS			
Cash and cash equivalents	5	P724,726	P658,187
Reinsurance balances receivable – net	6	3,374,461	3,422,158
Held-for-trading (HFT) securities	7	289,520	–
Available-for-sale (AFS) financial assets	8	4,807,975	5,952,670
Held-to-maturity (HTM) investments	9	3,058,524	2,390,758
Other investments	10	442,292	–
Loans and receivables	11	86,209	57,719
Property and equipment – net	12	45,163	52,041
Reinsurance recoverable on reported losses – net	13, 25	2,905,130	1,577,293
Reinsurance recoverable on claims reserves	13	923,491	912,031
Deferred acquisition costs	14	701,341	658,344
Deferred reinsurance premiums	15	606,068	434,511
Other assets – net	16	373,116	325,444
TOTAL ASSETS		P18,338,016	P16,441,156
LIABILITIES AND EQUITY			
Liabilities			
Reinsurance balances payable	17	P2,097,223	P1,597,074
Forward liability	7	89,332	–
Accounts payable and accrued expenses	18	303,032	319,526
Losses and claims payable	19, 25	5,717,380	4,214,836
Claims reserves	19	2,825,811	3,102,939
Premium reserves	20	1,692,288	1,533,329
Deferred reinsurance commissions	21	12,536	9,242
Total Liabilities		12,737,602	10,776,946
Equity	27	5,600,414	5,664,210
TOTAL LIABILITIES AND EQUITY		P18,338,016	P16,441,156

See Notes to the Financial Statements

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME

For the years ended December 31, 2022, 2021 and 2020

(Amounts in thousands, except Earnings Per Share)

	<i>Notes</i>	2022	2021	2020
Reinsurance premium income				
Reinsurance premiums – net of returns	<i>20</i>	P4,708,644	P4,195,125	P4,473,702
Retroceded premiums	<i>15</i>	(1,721,490)	(1,357,272)	(1,276,690)
Net premiums retained		2,987,154	2,837,853	3,197,012
Movement in premium reserves – net	<i>15, 20</i>	12,598	33,125	182,266
		2,999,752	2,870,978	3,379,278
Underwriting deductions				
Share in reported losses – net	<i>23.1</i>	2,225,434	1,696,576	1,758,900
Share in unreported loss reserves – net	<i>23.2</i>	(288,588)	265,896	246,994
Commissions – net	<i>23.3</i>	826,710	861,313	1,031,659
		2,763,556	2,823,785	3,037,553
Net underwriting income		236,196	47,193	341,725
Investment and other income and expenses – net	<i>22</i>	215,389	404,110	131,666
Profit after investment and other income and expenses		451,585	451,303	473,391
General and administrative expenses	<i>24</i>	330,343	259,988	278,419
Profit before tax		121,242	191,315	194,972
Tax expense	<i>26</i>	65,541	49,616	75,055
Net profit		P55,701	P141,699	P119,917
Earnings per share - basic and diluted	<i>30</i>	P0.026	P0.067	P0.056

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2022, 2021 and 2020

(Amounts in thousands)

	<i>Notes</i>	2022	2021	2020
Net profit		P55,701	P141,699	P119,917
Other comprehensive income (loss)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit asset	<i>24.2</i>	(881)	511	(4,462)
Items that are and will be reclassified subsequently to profit or loss				
Fair value gains (losses) on AFS financial assets during the year	<i>8</i>	(232,505)	(147,335)	102,105
Amortization of unrealized gains on reclassified HTM securities to profit or loss		13,358	10,773	9,186
Fair value gains on disposal of AFS financial assets reclassified to profit or loss	<i>8</i>	(23,647)	(94,434)	(309,260)
Impairment of AFS financial assets reclassified to profit or loss	<i>8</i>	123,998	6,811	469,312
Income tax effect		180	(137)	(46)
		(118,616)	(224,322)	271,297
Total other comprehensive income (loss)		(119,497)	(223,811)	266,835
Total comprehensive income (loss)		(P63,796)	(P82,112)	P386,752

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022, 2021 and 2020

(Amounts in thousands)

	Notes	Capital Stock		Additional Paid-in Capital (Note 27)	Treasury Shares at Cost (Note 27)	Revaluation Reserves			Retained Earnings		Total Equity
		No. of shares (in thousands)	Amount (Note 27)			AFS Financial Assets	HTM Investments	Defined Benefit Liability (Note 24)	Appropriated	Unappropriated	
Balance at January 1, 2022		2,181,955	P2,181,955	P3,019,218	(P100,525)	P26,626	(P55,578)	(P73,366)	P69,570	P596,310	P5,664,210
Net profit		-	-	-	-	-	-	-	-	55,701	55,701
Other comprehensive income (loss):											
Items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	(881)	-	-	(881)
Item that are and will be reclassified subsequently to profit or loss		-	-	-	-	(131,974)	13,358	-	-	-	(118,616)
Total comprehensive income (loss)		-	-	-	-	(131,974)	13,358	(881)	-	55,701	(63,796)
Appropriated for contingencies	27	-	-	-	-	-	-	-	5,570	(5,570)	-
Balance at December 31, 2022		2,181,955	P2,181,955	P3,019,218	(P100,525)	(P105,348)	(P42,220)	(P74,247)	P75,140	P646,441	P5,600,414
Balance at January 1, 2021		2,181,955	P2,181,955	P3,019,218	(P100,525)	P261,721	(P66,351)	(P73,877)	P55,400	P468,781	P5,746,322
Net profit		-	-	-	-	-	-	-	-	141,699	141,699
Other comprehensive income (loss):											
Items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	511	-	-	511
Item that are and will be reclassified subsequently to profit or loss		-	-	-	-	(235,095)	10,773	-	-	-	(224,322)
Total comprehensive income (loss)		-	-	-	-	(235,095)	10,773	511	-	141,699	(82,112)
Appropriated for contingencies	27	-	-	-	-	-	-	-	14,170	(14,170)	-
Balance at December 31, 2021		2,181,955	P2,181,955	P3,019,218	(P100,525)	P26,626	(P55,578)	(P73,366)	P69,570	P596,310	P5,664,210

	Capital Stock		Additional Paid-in Capital (Note 27)	Treasury Shares at Cost (Note 27)	Revaluation Reserves			Defined Benefit Liability (Note 24)	Retained Earnings		Total Equity
	Notes	No. of shares (in thousands)			Amount (Note 27)	AFS Financial Assets	HTM Investments		Appropriated	Unappropriated	
Balance at January 1, 2020		2,181,955	P2,181,955	P3,019,218	(P100,525)	(P390)	(P75,537)	(P69,415)	P43,408	P360,856	P5,359,570
Net profit		-	-	-	-	-	-	-	-	119,917	119,917
Other comprehensive income (loss):											
Items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	(4,462)	-	-	(4,462)
Item that are and will be reclassified subsequently to profit or loss		-	-	-	-	262,111	9,186	-	-	-	271,297
Total comprehensive income (loss)		-	-	-	-	262,111	9,186	(4,462)	-	119,917	386,752
Appropriated for contingencies	27	-	-	-	-	-	-	-	11,992	(11,992)	-
Balance at December 31, 2020		2,181,955	P2,181,955	P3,019,218	(P100,525)	P261,721	(P66,351)	(P73,877)	P55,400	P468,781	P5,746,322

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022, 2021 and 2020

(Amounts in thousands)

	<i>Notes</i>	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P121,242	P191,315	P194,972
Adjustments for:				
Movement in premium reserves – net	<i>15, 20</i>	(12,598)	(33,125)	(182,266)
Movement in share in reported losses – net		(54,947)	4,210	51,435
Movement in share in unreported loss reserves – net	<i>23.2</i>	(288,588)	265,896	246,994
Commissions – net	<i>14, 21</i>	(39,703)	(35,168)	(24,688)
Interest income	<i>22</i>	(291,563)	(259,768)	(294,044)
Dividend income	<i>22</i>	(36,545)	(40,157)	(46,285)
Gain on sale of AFS financial assets	<i>8, 22</i>	(23,647)	(94,434)	(309,260)
Unrealized gains from forward contract		(926)	–	–
Movement in deposit liability	<i>18, 22</i>	(499)	2,360	13,581
Impairment losses	<i>22, 24</i>	125,787	6,811	469,312
Unrealized foreign currency (gains) losses		62,009	(39,794)	9,784
Fair value losses on HFT securities	<i>7, 22</i>	8,678	–	–
Gain on sale of non-financial assets	<i>12, 22</i>	–	–	(17)
Depreciation and amortization	<i>24</i>	16,455	18,491	20,084
Operating income (loss) before working capital changes		(414,845)	(13,363)	149,602
Decrease (increase) in:				
Reinsurance balances receivable – net		70,805	(660,821)	(110,276)
HFT securities		(282,019)	–	–
Loans and receivables		(10,029)	776	(326)
Reinsurance recoverable on reported losses		(1,292,240)	621,934	(102,193)
Other assets – net		(44,781)	137,576	17,334
Increase (decrease) in:				
Reinsurance balances payable		491,052	409,774	933
Forward liability		89,695	–	–
Accounts payable and accrued expenses		(16,912)	59,739	161,597
Losses and claims payable		1,408,698	(436,959)	245,547
Cash generated from (used in) operations		(576)	118,656	362,218
Cash paid for income taxes		(74,020)	(141,444)	(130,591)
Net cash from (used in) operating activities		(74,596)	(22,788)	231,627

Forward

	<i>Notes</i>	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/maturities of:				
AFS financial assets	<i>8</i>	P3,236,914	P4,767,566	P6,092,297
HTM investments	<i>9</i>	284,449	596,794	480,937
Loans and receivable	<i>11</i>	3,484	2,426	2,599
Property and equipment	<i>12</i>	1,561	–	187
Interest received		286,446	283,454	299,373
Dividends received		34,297	41,377	46,660
Acquisitions of:				
AFS financial assets	<i>8</i>	(2,316,303)	(4,938,658)	(6,991,787)
HTM investments	<i>9</i>	(949,056)	(1,023,140)	(200,000)
Other investments	<i>10</i>	(442,968)	–	–
Loans and receivable	<i>11</i>	(4,420)	(9,875)	(1,410)
Property and equipment	<i>12</i>	(5,370)	(3,544)	(3,290)
Intangible assets		–	–	(1,013)
Net cash provided by (used in) investing activities		129,034	(283,600)	(275,447)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		54,438	(306,388)	(43,820)
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS				
		12,101	13,661	(10,243)
CASH AND CASH EQUIVALENTS - January 1	<i>5</i>	658,187	950,914	1,004,977
CASH AND CASH EQUIVALENTS - December 31	<i>5</i>	P724,726	P658,187	P950,914

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
(Amounts in thousands)

1. CORPORATE INFORMATION

National Reinsurance Corporation of the Philippines (the Company) was incorporated on June 7, 1978 by virtue of Presidential Decree No. 1270 (the Decree), as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighboring insurance markets. Under the Decree, it became the vehicle for the Philippine insurance industry's participation in the Asian Reinsurance Corporation (ARC), a multi-government-initiated reinsurance entity, based in Bangkok, Thailand, which was established to foster regional cooperation among insurance companies doing business in Asia. The Company's shares are listed in the Philippine Stock Exchange (PSE).

The Company is licensed by the Insurance Commission (IC) to engage in business until December 31, 2024.

The Company's registered office and principal place of business is located at 31st floor BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City.

The financial statements of the Company as at and for the year ended December 31, 2022 (including the comparative financial statements as at December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on March 30, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB). PFRSs which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

(b) *Basis of Measurement*

The financial statements have been prepared on the historical cost basis except for AFS financial assets and HFT securities which are measured at fair value basis and Defined benefit liability which is measured as the difference of the present value of the defined benefit obligation and fair value of the plan assets at each reporting date.

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income in two statements: a statement of income and a statement of comprehensive income (loss).

(d) *Functional and Presentation Currency*

These financial statements are presented in Philippine peso, the Company's functional and presentation currency, and amounts are presented in thousands except when otherwise indicated.

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

2.2 Adoption of New and Amended PFRSs and Framework

(a) *Effective in 2022 that are Relevant to the Company*

As at December 31, 2022, there are no new and amended PFRSs that are relevant to the Company.

(b) *Effective Subsequent to 2022 but not Adopted Early*

There are new and amended PFRSs effective for annual periods subsequent to 2022, which were adopted by the FSRSC. Management is currently assessing the impact of these new and amended standards on the Company's financial statements.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2 Making Materiality Judgements) (effective January 1, 2023). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRSs Practice Statements 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures. The amendments are effective beginning on or after January 1, 2023. Earlier application is permitted.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Classification of Liabilities as Current or Noncurrent – 2020 Amendments and Noncurrent Liabilities with Covenants – 2022 Amendments (Amendments to PAS 1) (effective January 1, 2024). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;

- provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
- clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- PFRS 9, *Financial Instruments* (2014) (adoption deferred to January 1, 2025). This new standard on financial instruments will replace PAS 39, *Financial Instruments* and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

- PFRS 17, *Insurance Contracts* (effective January 1, 2025). The new standard will eventually replace PFRS 4, that will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

2.3 Reinsurance Contracts

Product Classification

Reinsurance contracts are those contracts under which the Company (the reinsurer) has accepted significant insurance risk from insurance and reinsurance companies (the cedants) by agreeing to compensate the cedants if a specified uncertain future event (the insured event) adversely affects the cedants. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid when an insured event occurs with benefits payable if the insured event did not occur.

Reinsurance contracts can also transfer financial risks. Contracts that transfer financial risks which create financial assets or financial liabilities, but do not expose the Company to significant insurance risk, are within the scope of PAS 39 and are recognized as Deposit liability under Accounts payable and accrued expenses.

Once a contract has been classified as reinsurance contract, it remains a reinsurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

Retrocession Contracts Held

Contracts entered into by the Company with retrocessionaires under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for reinsurance contracts above are classified as retroceded contracts held. Contracts that do not meet those classification requirements are classified as financial assets.

Reinsurance recoverable on paid losses are included as part of Reinsurance balances receivable. These balances represent the retrocessionaires' share in the amounts paid to the cedants and are in accordance with the retroceded contract. Reinsurance recoverable on unpaid losses represents balances due from retrocessionaires for its share on the unpaid losses and Reinsurance recoverable on claims reserves represent the retrocessionaires' share for its losses in the loss reserves are presented under Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves, respectively, in the statements of financial position. The recoverable amounts are estimated in a manner consistent with the losses and claims payable and claims reserves and are in accordance with the retroceded contract.

Reinsurance balances receivable, Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the cedants and retrocessionaires can be measured reliably.

The impairment loss is recognized as part of General and administrative expenses in the statements of income.

Retroceded insurance risk does not relieve the Company from its obligations to ceding companies.

Reinsurance balances payable primarily represent premiums due to retrocessionaires. Amounts payable are estimated in a manner consistent with the associated retrocession contract.

Assets and liabilities arising from reinsurance activities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to an agreement and agrees to sell goods or services for a fixed amount of money. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase the asset.

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, HTM investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Financial assets are recognized initially at fair value of the consideration given. Except for financial assets at FVTPL, the initial measurement of financial assets includes transaction costs.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Company provides money or services directly to a debtor with no intention of trading the receivables.

The Company's financial assets categorized as loans and receivables are presented as cash and cash equivalents, reinsurance balances receivable – net, loans and receivables, reinsurance recoverable on reported losses, and other investments.

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included as part of Interest income presented under Investment and other income and expenses – net account in the statements of income.

(ii) *Financial assets at FVTPL*

This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial assets at FVTPL are recorded in the statements of financial position at fair value, with changes recorded in the Investment and other income and expenses - net account in the statements of income.

HFT securities are not reclassified subsequent to their initial recognition, unless they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition), then it may be reclassified if the Company has the intention and the ability to hold the financial asset in the foreseeable future or until maturity; and
- the financial asset may be reclassified out of the held-for-trading securities category only under “rare circumstances”.

As at December 31, 2022 and 2021, the Company does not have any financial asset designated by management as financial instruments at FVTPL. In 2022, the Company’s HFT securities consist of Unit Investment Trust Fund (UITF), forward assets, and equity securities listed in the PSE.

(iii) *AFS Financial Assets*

This category includes non-derivative financial assets that are designated as AFS financial assets or are not classified as loans and receivables, HTM investments or financial assets at FVTPL. In 2022, the Company’s AFS financial assets include listed and unlisted equity securities, and government and corporate bonds. In 2021, the Company’s AFS financial assets include listed and unlisted equity securities, Unit Investment Trust Fund (UITF) and government and corporate bonds.

All financial assets within this category are subsequently measured at fair value, except for certain equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost less any impairment loss. Fair value gains and losses are recognized in other comprehensive income and are reported as part of the Revaluation reserves account in the equity except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statements of income.

(iv) *HTM Investments*

This category includes non-derivative financial assets with fixed or determinable payments and fixed maturity, and that the Company has the intention and ability to hold to maturity other than: (a) those that Company designates as financial assets at FVTPL upon initial recognition; (b) those that the Company designates as AFS; and (c) those that meet the definition of loans and receivables. This category includes corporate bonds and government securities.

HTM investments are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Interest income is recognized under Investment and other income and expenses – net account in the statements of income.

(b) *Impairment of Financial Assets*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes impairment loss based on the category of financial assets as follows:

(i) *Carried at Amortized Cost – Loans and Receivables and HTM Investments*

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

Evidence of impairment is the age of the receivable and/or any financial difficulties of the counterparty. Allowances are set up on the net balance, meaning all balances related to the same counterparty are considered. The amount of the allowance is set up in relation to the time a receivable has been due and any financial difficulties of the counterparty and can be as high as the outstanding net balance.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statements of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the statements of income.

Reclassification of AFS Financial Assets to HTM Investments

For a financial asset reclassified from AFS financial assets category to HTM investments, the Company shall reclassify the financial asset at its fair value on the date of reclassification which becomes its new amortized cost. Any previous gain or loss on that asset that has been recognized in other comprehensive income and any difference between the new amortized cost and maturity amount is amortized in profit or loss over the remaining life of the investments using the effective interest method similar to the amortization of a premium and a discount. This is presented as Revaluation reserves - HTM investments in the statements of changes in equity. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

(ii) *Carried at Fair Value – AFS Financial Assets*

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in statements of income – is reclassified from Revaluation reserves to statements of income as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in statements of income on equity instruments are not reversed through profit or loss. Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss is recognized.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, except for recognition and reversal of impairment loss on reinsurance balances receivable and reinsurance recoverable on reported losses, relating to financial assets that are recognized in the statements of income are presented as part of Investment and other income and expenses – net account. Provision for and reversal of impairment losses on reinsurance balances receivable and reinsurance recoverable on reported losses are presented at net as part of Impairment losses – net under General and administrative expenses account in the statements of income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in the statements of income when earned, regardless of how the related carrying amount of financial assets is measured.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(e) Fair Value Measurement of Financial Assets

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset measured at fair value has a bid price, then the Company measures assets and long positions at a bid price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.5 Deferred Acquisition Costs (DAC)

Commissions are recognized as expense over the coverage period of the policy using the 24th method [see Note 2.17(b)] except for DAC from modified co-insurance arrangements. The portion of the commissions that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as DAC and is presented in the Assets section of the statements of financial position. The net change in the account between each end of reporting periods are recognized as part of Commission expense under Commissions – net account in the statements of income.

For modified co-insurance arrangements, the related commissions are initially capitalized as DAC and amortized as Commission expense in the profit or loss throughout the term of the contract.

2.6 Deferred Reinsurance Premiums (DRP)

The ceded reinsurance premiums that pertain to the unexpired period of the contracts at the end of the reporting period are accounted for as DRP and presented in the Assets section of the statements of financial position. Subsequent to initial recognition, the amount is amortized using the 24th method [see Note 2.16(a)]. The net change in the account between each end of reporting periods are recognized in the statements of income under movement in premium reserves – net.

2.7 Reinsurance Recoverable on Reported Losses and Reinsurance Recoverable on Claims Reserves

Reinsurance recoverable on reported losses and reinsurance recoverable on claims reserves represent the amount recoverable from retrocessionaires under retroceded contracts as their share on unpaid losses, including unreported losses and loss adjustment expenses, net of salvage of recoveries.

2.8 Property and Equipment

Property and equipment represents tangible items that are held for use in the Company's business operations or for administrative purposes and are expected to be used more than one year. An item of property and equipment that qualifies for recognition as an asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

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

Condominium unit	40 years
Office improvements	10 years
Office furniture and equipment	5 years
Transportation equipment	5 years
Electronic data processing (EDP) equipment	5 years

The Company depreciates right-of-use (ROU) assets included as part of property and equipment on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term (see Note 2.18).

Fully depreciated assets are retained in the accounts until these are no longer in use. No further charge of depreciation is made in respect of those assets. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included as part of Investment and Other income and expenses – net account in the statements of income in the period the item is derecognized.

2.9 Other Assets

Other assets pertain to other present economic resources controlled by the Company as a result of past events. An economic resource is a right that has the potential to produce economic benefits and the asset has a cost or value that can be measured reliably. They may include the following accounts:

(a) Investment Properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Except for land, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The cost of the investment properties comprise their purchase price and directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs.

Depreciation is computed using the straight-line basis over the estimated useful life of the property which is 10 years.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

The carrying amount of investment properties is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the investment properties are recognized in the statements of income in the period of retirement or disposal.

(b) Intangible Assets

Intangible assets include acquired software licenses which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of other considerations given up to acquire the asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over five years as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 2.20.

Acquired computer software licenses are capitalized on the cost incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized under Data, licenses and subscriptions and Repairs and maintenance as part of General and administrative expenses in the statements of income as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the statements of income.

(c) Creditable Withholding Tax (CWT)

CWT mainly arises from taxes withheld by the ceding companies upon payment of reinsurance premiums to the Company.

CWT is recorded at cost. It can either be used to offset against future income tax liabilities or be claimed as a tax refund from the Bureau of Internal Revenue (BIR).

(d) *Deferred CWT*

Deferred CWT represents taxes to be withheld by the ceding companies upon payment of reinsurance premiums to the Company.

(e) *Input Value-added Tax (VAT)*

The input VAT pertains to the 12% tax paid by the Company on commissions and local purchase of goods or services.

The input VAT is recorded at cost. It is used to offset against output VAT due to the BIR. Excess input VAT is recorded under the Other assets – net account in the statements of financial position.

(f) *Deferred Input VAT*

Deferred input VAT pertains to the 12% tax arising from acquisition of capital assets exceeding P1.00 million. Deferred input VAT arising from capital assets is amortized to input VAT over the useful lives of the capital assets or 60 months, whichever is shorter.

(g) *Deferred Withholding VAT*

Deferred withholding VAT pertains to the unapplied input VAT on unpaid premiums from a certain government entity.

(h) *Prepayments*

Prepayments pertain to expenditure paid for in one (1) accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.

2.10 Financial Liabilities

The Company classifies its financial liabilities at initial recognition into the following categories: financial liabilities at FVTPL and other liabilities. The Company determines the classification of its financial liabilities at initial recognition, and were allowed and appropriate, re-evaluates such designation at every reporting date.

Other financial liabilities pertain to financial liabilities that are not designated or classified at FVTPL. Other financial liabilities are initially measured at their fair value and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statements of income.

The Company's other financial liabilities include Reinsurance balances payable, Losses and claims payable (excluding Margin for Adverse Deviation (MfAD) and loss adjustment expenses) and Accounts payable and accrued expenses (excluding deferred output VAT, defined benefit liability and other taxes payable), are recognized when the Company becomes a party to an agreement and agrees to purchase goods or services for a fixed amount of money. All interest-related charges are recognized as part of Investment and other income and expenses – net account in the statements of income.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in the statements of income.

Derivative financial instruments are classified under financial assets and financial liabilities at FVTPL when there is an agreement to settle both assets and liabilities independently. Derivative financial instruments are classified under financial assets or financial liabilities when there is an agreement to settle at net. Derivatives are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly to the statements of income and are included in Investment and other income and expenses – net account (see Note 22). The Company's outstanding derivative asset and liability arising from forward contracts are presented under HFT securities and Forward liability accounts, respectively, in the statement of financial position (see Notes 7 and 22).

2.11 Losses and Claims Payable and Claims Reserves

Losses and claims payable represent the present value of the estimated cost of all reported claims at the end of the reporting period, together with related claims handling costs and reduced for the expected value of salvage and other recoveries. This includes outstanding claim reserves, loss adjustment expenses payable plus MfAD based on a certain percentage of the total outstanding claim reserves and loss adjustment expenses payable to allow for inherent uncertainty of the best estimate of the policy reserves.

Claims reserves represent the estimated ultimate cost of all incurred but not reported claims (IBNR), including incurred but not enough reported claims plus MfAD at the end of the reporting period. Claims reserves are measured on a discounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amount recognized, which are reflected in losses and claims payable in the statement of financial position in the period in which they are determined.

2.12 Premium Reserves

Premium reserves refer to unearned premium reserves (UPR) plus any deficiency resulting from the liability adequacy test.

UPR refers to the portion of the premiums attributable to the unexpired risks at the balance sheet date and is recognized as revenue over the coverage period of the policy using the 24th method [see Note 2.16(a)].

Liability Adequacy Test

Liability adequacy tests are performed at end of each reporting period, to ensure the adequacy of premium reserves. The test is performed by comparing the UPR, net of related DAC, and the present value of the current best estimates of future cash flows including claims handling and policy administration expenses. Any deficiency is charged to the statements of income and is recognized as premium reserves.

2.13 Deferred Reinsurance Commissions (DRC)

Commissions earned from retrocession contracts are recognized as revenue over the coverage period of the policy using the 24th method [see Note 2.16(c)]. The portion of the commissions that relates to the unexpired periods of the contracts at end of the reporting period is accounted for as Deferred reinsurance commissions and is presented in the Liabilities section of the statements of financial position. The net change in the account between each end of reporting periods are recognized as Commission income under Commissions – net in the statements of income.

2.14 Accounts Payable and Accrued Expenses

These represent other liabilities which cannot be appropriately classified under the foregoing liability accounts. These comprise, among others, the following accounts:

(a) Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

(b) *Accounts payable and accrued expenses*

Accounts payable represents balances due to suppliers or for the purchase of goods or services. This includes accrued expenses pertaining to accruals of outside services, utilities, uniforms, membership dues and meeting expenses and the related input VAT.

(c) *Withholding tax payable*

Withholding tax payable represents amounts payable to the local tax authority mainly arising from taxes withheld by the Company from its suppliers of goods and services.

(d) *Dividends payable*

Dividends payable represents cash dividends declared by the Company that remain unpaid as of reporting date.

(e) *Deferred Output VAT*

Deferred output VAT, presented as part of Accounts payable and accrued expenses, represents the 12% tax due on commission income on retroceded premiums and other goods based on amounts still to be collected from counterparties. Such amounts are still not due for remittance to the BIR until the receivables are collected.

2.15 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right to offset must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Company's trading activities.

2.16 Revenue and Income Recognition

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to the customer. Expenses and costs, if any, are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred. All finance costs are reported on an accrual basis.

The Company's significant revenues pertain to net reinsurance premiums and investment income (loss) which are accounted for by the Company in accordance with PFRS 4 and PAS 39, respectively. The Company also earns other income from sale of non-financial assets, which is recognized as income once the Company transferred the goods. These are accounted for by the Company in accordance with relevant accounting standards.

The following provides information about the specific recognition criteria of revenues recognized in accordance with PFRS 4 and PAS 39:

- (a) *Reinsurance premiums* – Reinsurance premiums are recognized as revenue when the Company enters into a contract with cedants assuming insurance risks in exchange for reinsurance premium. Reinsurance premiums include premiums reported by cedants and accrued premiums. The Company records accrued premiums on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

Reinsurance premiums are recognized over the coverage period of the contracts using the 24th method. The 24th method assumes that the average date of issue of all contracts written during any one month is the middle of that month. Accordingly, 1/24th of the net premiums are considered earned in the month the reinsurance contracts are issued and 2/24th for every month thereafter (or 1/24th for every 15-day period after the issue month). The portion of the gross reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Premium reserves and is presented in the Liabilities section of the statements of financial position while the portion of the retroceded reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Deferred reinsurance premiums (see Note 2.6) and is presented in the Assets section of the statements of financial position.

Uncollected premiums net of deferred CWT and accrued premiums are recognized as due from ceding companies as part of Reinsurance balances receivable – net in the statements of financial position.

The net changes in the Premium reserves and Deferred reinsurance premiums accounts between the end of the reporting periods are recognized in the statements of income as part of Movement in premium reserves – net.

- (b) *Retroceded premiums* – Retroceded premiums are recognized as an expense when the Company enters into a contract with a retrocessionaire transferring insurance risks to the retrocessionaire in exchange for retroceded premiums. Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records accrued retroceded premiums based on individual retrocession treaties taking into consideration the terms of the treaty, historical experience and latest information relevant to the treaty.
- (c) *Commission on retrocession* – Commission is deferred and is subjected to the same amortization as the retroceded reinsurance premiums (see Note 2.13). Deferred portion is presented in the statements of financial position as Deferred reinsurance commissions.
- (d) *Interest income* – Interest income for all interest-bearing financial instruments are recognized using the effective interest rate method.
- (e) *Dividend income* – Revenue is recognized when the Company’s right to receive the dividend is established.
- (f) *Gain on sale of assets* – Revenue is recognized when the risks and rewards of ownership of the investments have passed to the buyer or at a point in time when the control of the non-financial assets transfers to the customer.

Determining whether the Company is Acting as Principal or an Agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue arrangements.

2.17 Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participants.

(a) Claims and Losses Recognition

Share in claims and losses relating to insurance contracts are accrued when insured events occur. These arise from events that have occurred up to reporting date even if these have not yet been reported to the Company. The share in claims (including those for IBNR losses) are based on the estimated ultimate cost of settling the claims and are discounted for time value of money. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claims and losses resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period in which the estimates are changed or payments are made.

Share in recoveries on claims are evaluated in terms of the aggregate share of the retrocessionaire on the claims and losses and adjustment expenses of the Company on business retroceded under retrocession arrangements. Recoveries on paid, unpaid claims and claims reserves are recognized in the period the claims are made as Retrocessionaires' share in losses paid, Retrocessionaires' share in change in provision for claims reported and Retrocessionaires' share in change in provision for IBNR, respectively. The Retrocessionaires' share in losses paid and Retrocessionaires' share in change in provision for claims reported are presented under Share in reported losses – net while, Retrocessionaires' share in change in provision for IBNR is part of Share in unreported loss reserves – net in the statement of income. Uncollected balances are presented as part of Reinsurance balances receivable, Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves accounts in the statements of financial position.

(b) Acquisition Costs

Costs that vary with and are primarily related to the acquisition of new and renewal reinsurance contracts, other than those related to modified co-insurance, such as commissions and certain underwriting costs, are recognized as expense over the period of the contracts using the 24th method. Unamortized acquisition costs are presented in the statements of financial position as Deferred acquisition costs (see Note 2.5).

(c) General and Administrative Expenses

Costs and expenses are recognized in the statements of income upon utilization of goods or services at the date they are incurred.

2.18 Leases – Company as Lessee

For any new contracts entered into, 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 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; and,
- 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.

At lease commencement date, the Company recognizes an ROU asset and a lease liability in the statement of financial position. The ROU 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). Subsequently, the Company depreciates the ROU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term (see Note 2.8). The Company also assesses the ROU asset for impairment when such indicators exist (see Note 2.20).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement 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 include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

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 ROU asset, or profit and loss if the ROU asset is already reduced to zero.

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

On the statements of financial position, ROU assets and lease liabilities have been presented as part of Property and equipment – net and Accounts payable and accrued expenses, respectively.

2.19 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income as part of Investment and other income and expenses – net (see Note 22).

2.20 Impairment of Non-financial Assets

The Company's property and equipment, investment properties, intangible assets and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in the statements of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value-in-use. In determining value-in-use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.21 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan.

(a) Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by two (2) trustees.

The asset/liability recognized in the statements of financial position for a defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation (asset) is calculated annually by an independent actuary 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 as 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 statements of financial position 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, unless there is a plan amendment, curtailment or settlement during the reporting period.

The calculation also takes into account of 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 income under Investment and other income and expenses – net account in the statements of income.

Past service costs are recognized immediately in the statements of income in the period of plan amendment and curtailment.

(b) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days remaining at the end of the reporting period. These are included in the Accounts payable and accrued expenses account in the statements of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.22 *Income Taxes*

Tax expense recognized in the statements of income comprises the sum of final tax, current tax and deferred 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 and any adjustment to tax payable in respect of previous years. 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 current tax liabilities are recognized as a component of tax expense in the statements of income.

Deferred tax is accounted for using the asset-liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the asset-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 carryforward 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 deferred tax 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 liabilities and deferred tax assets 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 deferred tax liabilities are recognized as a component of tax expense in the statements of income, 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.

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

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. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close member of the family of any such individual; and, (d) the Company's funded retirement plan.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions for Publicly-listed Companies*, transactions amounting to ten percent (10%) or more of the total assets based on the latest audited financial statements that were entered into by the Company with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.24 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise gains and losses due to the revaluation of AFS financial assets, unamortized fair value gains and losses from HTM investments, and remeasurements of defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the statements of income, reduced by the amounts of dividends declared. The appropriated portion of the retained earnings is intended as additional reserve for contingencies (see Note 27.2).

2.25 Earnings Per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of shares issued, adjusted for stock dividends and stock split, less shares held in treasury during the period.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.26 Segment Reporting

For purposes of segment reporting, the Company does not have other reportable segments. The Company has one reportable business segment which is the reinsurance market. The financial information about the sole business segment is presented in the financial statements.

The management monitors the operating results of its business segment for the purpose of making decisions about resource allocation and performance assessment. The segment performance is evaluated based on operating profit or loss and is measured consistently with the income before income tax in the financial statements.

2.27 Events After the End of the Reporting Period

Any event subsequent to the balance sheet date that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Events subsequent to the balance sheet date that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the judgments as presented in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Impairment of Financial Assets

(i) Financial Assets at Fair Value – AFS Financial Assets

The Company considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share or market price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Based on the recent evaluation of information and circumstance affecting the Company's AFS financial assets, management concluded that decline in fair value of certain AFS financial assets amounting to P124.00 million and P6.81 million are considered impairment in value as at December 31, 2022 and 2021, respectively (see Notes 8 and 22). Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(ii) Financial Assets at Amortized Cost

The Company reviews its financial assets at amortized cost to assess impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. These financial assets that are individually significant are assessed to determine whether objective evidence of impairment exists on an individual basis, while those that are not individually significant are assessed for objective evidence of impairment either on an individual or on collective basis.

In determining whether an impairment loss should be recorded in the statements of income, the Company makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets before the decrease can be identified with an individual financial asset in that portfolio.

As at December 31, 2022 and 2021, the Company has recognized allowance for impairment loss amounting to P621.86 million and P610.66 million, respectively (see Notes 6 and 13).

(b) *Classification of Financial Instruments*

The Company exercises judgment in classifying a financial instrument, or its component 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 or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position. In addition, the Company classifies assets by evaluating among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at December 30, 2022, the Company classified its financial instruments as financial assets at FVTPL, AFS financial assets, HTM investments, loans and receivables, financial liabilities at FVTPL and other financial liabilities. As at December 31, 2021, the Company classified its financial instruments as AFS financial assets, HTM investments, loans and receivables, and other financial liabilities.

(c) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.14(a) and relevant disclosures are presented in Note 31.

3.2 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 amount of assets and liabilities within the next reporting period:

(a) *Impairment of Financial Assets Carried at Amortized Cost*

Management uses estimates based on historical loss experience for assets with credit risk characteristics. An adequate amount of allowance for impairment is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the counterparties, the counterparties' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying value of reinsurance balances receivable, reinsurance recoverable on reported losses and the analysis of allowance for impairment on such financial assets are shown in Notes 6 and 13.

The carrying values of HTM investments and loans and receivables are shown in Notes 9 and 11, respectively.

(b) *Fair Value Measurement of AFS Financial Assets*

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The carrying value of the Company's AFS financial assets and the amounts of fair value changes recognized are disclosed in Note 8.

(c) *Estimation of Useful Lives of Property and Equipment, Investment Properties and Intangible Assets*

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

The carrying amount of property and equipment is analyzed in Note 12, and of investment properties and intangible assets in Note 16. Based on management's assessment as at December 31, 2022 and 2021, there is no change in the estimated useful lives of those assets during these years. Actual results, however, may vary due to changes in estimates brought about by the changes in factors mentioned above.

(d) *Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in Note 2.20. Though management believes that the assumptions used in the estimation of fair value reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment was recognized on the Company's non-financial assets as at December 31, 2022 and 2021.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Any deferred tax asset will be re-measured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization.

As at December 31, 2022 and 2021, the Company recognized net deferred tax assets amounting to P264.79 million and P264.61 million, respectively (see Note 26), as management has assessed that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized. However, unrecognized deferred tax assets amounted to P548.02 million and P526.12 million as at December 31, 2022 and 2021, respectively (see Note 26).

(f) Valuation of Post-employment Defined Benefit Obligation

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

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

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 24.2.

(g) Valuation of Reinsurance Premiums

Reinsurance premiums include premiums reported by cedants and accrued reinsurance premiums. The Company records accrued premiums based on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

The Company accrued reinsurance premium amounting to P127.65 million, P152.07 million and P156.30 million in 2022, 2021 and 2020, respectively, as part of Reinsurance premiums – net of returns in the statements of income.

(h) Valuation of Retroceded Premiums

Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records retroceded premiums based on individual retroceded treaties taking into consideration the terms of the retroceded treaty, historical experience and latest information relevant to the treaty.

The Company accrued retroceded premium amounting to P78.47 million, P219.84 million and P31.86 million in 2022, 2021 and 2020, respectively, as part of Retroceded premiums in the statements of income.

(i) Valuation of Reinsurance Contract Liabilities

The Company's Reinsurance contract liabilities are composed of premium liabilities and claim liabilities. Premium liabilities are the premium reserves while claim liabilities are equal to the present value of Losses and claims payable and Claims reserves accounts in the statements of financial position which include outstanding losses, IBNR losses, loss adjustment expenses payable plus the MfAD. Claim liabilities are discounted for the time value of money.

The Company estimates the present value of future cash flows, used in performing the liability adequacy test and in determining claims liabilities, through the use of historical claims experience and claims settlement patterns.

The principal assumption underlying the claim liability estimates is that the Company's future claims development will depend on the estimate of the ultimate loss during a period of time for a particular risk exposure and then estimate the percentage of this ultimate loss that was not reported as of the reporting date.

The Company's claim liability estimates, as ascertained by an independent actuary, are determined by calculating the estimated ultimate losses as the sum of reported losses plus IBNR losses. Ultimate losses were estimated using generally accepted actuarial methods such as the Chain Ladder Method, Bornhuetter-Ferguson Method and the Expected Loss Ratio Method. The Company also included MfAD as a percentage of the total outstanding losses, IBNR best estimate and loss adjustment expenses payable, to allow for inherent uncertainty of the best estimate of the policy reserves.

Additional qualitative judgments are used by the independent actuary to assess the extent to which the full tail of the claims development is influenced by the different factors, for example, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix and policy conditions. Judgment is further used to assess the extent to which external factors such as juridical decisions and government legislation affect the estimates.

As at December 31, 2022 and 2021, the carrying value of provision for claims reported and IBNR losses are recognized as Losses and claims payable and Claims reserves accounts, respectively, in the statements of financial position (see Note 19).

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks from both its operating and investing activities. The Company's main risk mitigation strategies generally include adoption of underwriting and investment policies and guidelines, annual budget provision and internal audit checks and assessments.

The Company has implemented an Enterprise Risk Management Process, which is an organization-wide approach to the identification, assessment, communication and management of enterprise risks which are, defined as issues which may prevent the Company from achieving its strategic objectives. This process has been fully integrated into the Company's operations and is overseen by a Risk Management Team, who reports the results of the review and risk assessment to members of senior management. At the same time, a Risk Oversight Committee has been established by the Company's BOD to assist them in the development and oversight of the Company's risk management program. The Risk Oversight Committee is required to provide the BOD with a comprehensive enterprise risk assessment at least annually and to establish plans to ensure that risks are being managed and monitored effectively. The Risk Oversight Committee's main task is to oversee that risk management is an integral part of the planning and operations of the Company in order to meet corporate goals and objectives.

The Company's risk management, in close cooperation with the respective duly constituted Board Committees on Underwriting, Investment and Budget, Risk Oversight and Audit, focuses on implementing risk control measures addressing underwriting acceptances, catastrophe exposures, retrocession programs, claims control, and securing short to medium-term cash flows by minimizing financial market risks while managing long-term financial investments to generate expected returns.

The most significant financial risks to which the Company may be exposed to are described below and in the succeeding pages. Moreover, there are no changes in the Company's exposure to these risks, and objective, policies and processes for managing the risks from previous year.

4.1 Underwriting Risk

As a reinsurer, the Company underwrites reinsurance business from life and non-life insurance and reinsurance companies and intermediaries, with the objective of realizing profits and being a dependable partner to its clients. To attain this objective, it is essential for the Company to have a balanced portfolio, wherein there is diversification of risks. For non-life business, each risk that is accepted or treaty arrangement entered into is carefully evaluated based on the Company's underwriting guidelines, such as maximum limits per type of risk, existing exposures, premium adequacy and financial condition of the client.

The Company's retention on the larger risks that the Company accepts, or possible accumulation of the same in a given area, including losses that could arise from catastrophes such as earthquakes and typhoons, is protected by an excess of loss coverage to limit the Company's exposure up to a specified amount. Significant risk concentrations may result in potential losses not only in certain areas but also within a particular type of business such as property, motor and casualty. The Company monitors and controls its exposures in various lines.

Retroceding what the Company had earlier accepted as reinsurance is resorted to enable the Company to write risk with amounts in excess of its retention, and to reduce the volatility of its results and protect its capital. In doing so, the Company also sets minimum requirements and standards in determining with whom it retrocedes to, foremost of which is the rating of the retrocessionaires by international rating agencies such as Standard and Poor's and A.M. Best.

On the other hand, life business, which constitutes about 48% of gross premium written, follows a schedule of retention per life or group life as set by the Underwriting Committee. Any amount in excess of this is retroceded with reputable foreign reinsurers whose ratings from the same rating agencies are above par and meet the Company's standards.

Starting 2015, the Company repositioned itself as a lead-role reinsurer. Consequently, this triggered a re-evaluation of company retention. The retention limits appropriate for mandatory 10% share are not advantageous to the Company when applied to lead contracts where share is 80% or 100%.

As a lead reinsurer, the Company is pushing for the adoption of underwriting guidelines which may be accessed through the Company's web portal. Also, the Company continues to practice prudent claims management control. In evaluating a claim, the Company follows set of guidelines such as setting up of reserves upon its receipt of a preliminary loss advice, and requiring the cedant-claimant to submit other necessary documents such as the adjuster's report, affidavits and proof of loss, among others. In addition, the Company establishes claim reserves to provide for losses that have been incurred but not yet paid. At the end of each reporting date, the Company assesses the adequacy of reserves for future claims that are not yet reported by setting up IBNR best estimate and inclusion of MfAD as ascertained by an independent actuary.

Concentration of Insurance Risk

The tables below set out the concentration of premiums by line of risk.

	December 31, 2022		
	Gross Written Premiums (Note 20)	Retroceded Premiums (Note 15)	Net Written Premiums
Life	P2,243,231	P774,874	P1,468,357
Fire	1,531,865	820,554	711,311
Casualty	566,283	89,753	476,530
Motor	292,972	27,235	265,737
Marine and aviation	74,293	9,074	65,219
	P4,708,644	P1,721,490	P2,987,154

	December 31, 2021		
	Gross Written Premiums (Note 20)	Retroceded Premiums (Note 15)	Net Written Premiums
Life	P1,796,968	P687,342	P1,109,626
Fire	1,626,094	575,282	1,050,812
Casualty	362,338	64,216	298,122
Motor	352,192	24,127	328,065
Marine and aviation	57,533	6,305	51,228
	P4,195,125	P1,357,272	P2,837,853

	December 31, 2020		
	Gross Written Premiums (Note 20)	Retroceded Premiums (Note 15)	Net Written Premiums
Life	P1,896,444	P735,516	P1,160,928
Fire	1,659,411	446,852	1,212,559
Casualty	362,879	56,479	306,400
Motor	517,501	34,833	482,668
Marine and aviation	37,467	3,010	34,457
	P4,473,702	P1,276,690	P3,197,012

Claims Development

The Company aims to maintain strong reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. As claims develop and the ultimate cost of claims becomes more certain, adverse claims experiences are eliminated which results in the release of reserves from earlier accident/underwriting years. In order to maintain strong reserves, the Company transfers much of this release to current accident/underwriting year reserves when the development of claims is less mature and there is much greater uncertainty attaching to the ultimate cost of claims.

The risks vary significantly in relation to the location of the risk insured by the Company, type of risks insured and in respect of commercial and business interruption by industry.

Sensitivities

As a reinsurer, the insurance contract liabilities of the Company are sensitive to key factors such as claims experience, the observed claims reporting and payment patterns, and the occurrence of catastrophic events as observed in the historical loss ratios of the Company.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on the Company's income before income tax. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these variables are nonlinear.

	Change in Assumption	Impact on Income before Income Tax		Impact on Income after Income Tax	
		Increase (Decrease)		Increase (Decrease)	
		2022	2021	2022	2021
Loss ratio	+5%	(P149,988)	(P143,549)	(P109,994)	(P107,662)
	-5%	149,988	143,549	109,994	107,662

4.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations. In 2022 and 2021, the Company is exposed to credit risk primarily through its cash and cash equivalents, debt instruments classified as AFS financial assets and HTM investments, other investments, reinsurance balances receivable, loans and receivables, reinsurance recoverable on reported losses, deposits and security fund. The carrying amounts of the financial assets best represent the maximum credit risk exposure at the reporting date.

As at December 31, 2022 and 2021, the exposure to credit risk for reinsurance balances receivable by region and source is as follows:

By Region	<i>Note</i>	2022	2021
Domestic		P2,533,087	P2,120,180
Foreign		1,327,995	1,813,190
	<i>6</i>	P3,861,082	P3,933,370

By Source	<i>Note</i>	2022	2021
Life		P1,374,716	P1,287,335
Nonlife		2,486,366	2,646,035
	<i>6</i>	P3,861,082	P3,933,370

As at December 31, 2022 and 2021, the exposure to credit risk for AFS financial assets – debt securities by type of security is as follows:

	<i>Note</i>	2022	2021
Government securities		P3,972,097	P4,434,774
Corporate bonds		60,627	35,784
	<i>8</i>	P4,032,724	P4,470,558

As at December 31, 2022 and 2021, the exposure to credit risk for HTM investments by type of security is as follows:

	<i>Note</i>	2022	2021
Corporate bonds		P1,912,939	P1,804,427
Government securities		1,145,585	586,331
	<i>9</i>	P3,058,524	P2,390,758

As at December 31, 2022 and 2021, the exposure to credit risk for Reinsurance recoverable on reported losses (excluding MfAD) by region and source is as follows:

By Region	2022	2021
Domestic	P137,637	P299,576
Foreign	2,475,408	1,434,587
	P2,613,045	P1,734,163

By Source	2022	2021
Life	P34,289	P16,606
Nonlife	2,578,756	1,717,557
	P2,613,045	P1,734,163

The tables below provide information regarding the credit risk exposure of the Company as at December 31, 2022 and 2021 by classifying assets according to the Company's credit grading of counterparties.

	<i>Notes</i>	December 31, 2022					Total
		Neither Past Due nor Impaired		Past Due but not Impaired	Impaired		
		Investment High Grade	Non-investment Grade				
Cash and cash equivalents	<i>5</i>	P724,726	P-	P-	P-	P724,726	
Reinsurance balances receivable	<i>6</i>	1,904,244	307,196	1,163,021	486,621	3,861,082	
AFS financial assets - debt securities	<i>8</i>	4,032,724	-	-	-	4,032,724	
HTM investments	<i>9</i>	3,058,524	-	-	-	3,058,524	
Other investments	<i>10</i>	442,292	-	-	-	442,292	
Loans and receivables	<i>11</i>	60,957	25,252	-	-	86,209	
Reinsurance recoverable on reported losses	<i>13</i>	2,088,499	389,308	-	135,238	2,613,045	
		P12,311,966	P721,756	P1,163,021	P621,859	P14,818,602	

December 31, 2021						
Neither Past Due nor Impaired						
		Investment	Non-	Past Due		Total
	Notes	High Grade	investment	but not	Impaired	
			Grade	Impaired	Impaired	
Cash and cash equivalents	5	P658,187	P-	P-	P-	P658,187
Reinsurance balances receivable	6	2,173,022	658,609	590,527	511,212	3,933,370
AFS financial assets - debt securities	8	4,470,558	-	-	-	4,470,558
HTM investments	9	2,390,758	-	-	-	2,390,758
Loans and receivables	11	43,433	14,286	-	-	57,719
Reinsurance recoverable on reported losses	13	981,382	653,337	-	99,444	1,734,163
Other assets	16	1,331	-	-	-	1,331
		P10,718,671	P1,326,232	P590,527	P610,656	P13,246,086

The Company uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below.

Investment High Grade – This pertains to accounts with a very low probability of default as demonstrated by the borrower’s strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment Grade - Satisfactory – This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower’s ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past Due but not Impaired – Rating given to borrowers and counterparties where outstanding obligation is already past due without impairment indicator.

Impaired – This pertains to accounts with impairment indicator and uncertain collectability. Allowance for impairment losses were recognized by the Company for these accounts.

The Company continuously monitors defaults of ceding companies and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on ceding companies and other counterparties are obtained and used. The Company’s policy is to deal only with creditworthy counterparties.

As part of Company's policy, substantially all bank deposits are only maintained with reputable financial institution having high quality external credit ratings. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P0.50 million per depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Amendment to Charter of PDIC*, are still exposed to credit risk. However, the credit risk for cash and cash equivalents is considered negligible, since the majority of the counterparties are reputable banks with high quality external credit ratings.

The reinsurance balances receivable that are past due but not impaired as at December 31 are as follows:

	2022	2021
More than six months but not more than one year	P835,231	P521,736
More than one year	327,790	68,791
	P1,163,021	P590,527

None of the Company's reinsurance receivables and financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described in the preceding page. Further, the Company's reinsurance balances are subject to enforceable master netting agreements, each agreement between the Company and counterparties allows for net settlement of the relevant reinsurance liabilities when both elect to settle on a net basis.

Reinsurance balances as at December 31 are as follows:

	<i>Notes</i>	2022	2021
Reinsurance balances receivable	6	P3,374,461	P3,422,158
Reinsurance balances payable	17	2,097,223	1,597,074

4.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its cash and investment position to meet its obligations arising from reinsurance agreements and financial liabilities. Currently, the Company's excess cash is invested in short-term placements, HFT securities and AFS financial assets.

As at December 31, 2022 and 2021, the Company's obligations arising from reinsurance operations amounting to P4.22 billion and P3.47 billion, respectively, are expected to be settled within the normal operating cycle of the business. In addition, as at December 31, 2022 and 2021, financial liabilities included as part of the Accounts payable and accrued expenses and Forward liability accounts in the statements of financial position amounted to P297.10 million and P189.64 million, respectively, and have contractual maturities within one year after the end of the reporting period.

As at December 31, 2022 and 2021, the Company has a current ratio of 1.90:1 and 2.24:1, respectively.

4.4 Market Risk

Market risk embodies potential losses due to market fluctuations and includes foreign exchange risk, equity price risk and interest rate risk.

The Company's market risk is managed on a daily basis in accordance with internal and regulatory policies and procedures while overall market positions are reported to the Investment Committee of the Company.

The market risks to which the Company may be exposed are as follows:

(a) Foreign Exchange Risk

Foreign currency risk is the risk that fluctuations in foreign exchange rates will adversely affect the fair value or cash flow of a recognized financial instrument. The Company may invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Company is exposed to risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than in Philippine peso.

Exposures to currency exchange rates arise from the foreign currency denominated short-term placements, investments, receivables and payables. The Company recognized net foreign currency gains of P13.96 million and P25.40 million in 2022 and 2021, respectively, and net foreign currency losses of and P28.66 million in 2020 (see Note 22).

To mitigate the Company's exposure to foreign exchange risk, foreign-currency denominated cash flows and positions are monitored and hedged as it deems necessary. The foreign currency denominated financial assets and liabilities of the Company is as follows:

	2022		2021	
	U.S. Dollars	Other Currencies	U.S. Dollars	Other Currencies
Financial assets	P1,026,852	P489,277	P1,749,655	P454,837
Financial liabilities	(1,011,340)	(431,720)	(998,672)	(386,123)
Total net exposure	P15,512	P57,557	P750,983	P68,714

The table below illustrates the sensitivity of the Company's profit before tax and equity with respect to changes on Philippine peso (Php) against foreign currencies exchange rates. The percentage changes in rates have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months. If the Philippine peso had strengthened against the foreign currencies, the effect is presented below.

	2022			2021		
	Reasonably Possible Change in Rate	Effect in Profit Before Tax	Effect in Equity	Reasonably Possible Change in Rate	Effect in Profit Before Tax	Effect in Equity
Php - U.S. Dollars	7.84%	P41,887	P31,415	4.65%	P31,556	P23,667
Php - Indian Rupee	6.11%	172	129	5.36%	86	65
Php - Singaporean Dollars	5.21%	(831)	(624)	5.60%	(1,028)	(771)
Php - Hongkong Dollars	7.62%	(1,712)	(1,284)	4.72%	(959)	(719)
Php - Euro	7.87%	17,908	13,431	8.25%	6,989	5,242
Php - Thailand Baht	6.85%	821	616	5.74%	273	205
Php - Vietnamese Dong	9.07%	(176)	(132)	5.73%	(208)	(156)
Php - Indonesian Rupiah	7.78%	(3,980)	(2,985)	11.28%	(490)	(368)
Php - Nepalese Rupee	7.14%	351	264	5.98%	271	203
Php - Japanese Yen	10.44%	9	7	7.27%	7	5
Php - China Yuan	8.08%	(21)	(16)	5.21%	(14)	(11)
Php - Sri Lankan Rupee	34.83%	(29)	(21)	6.93%	(9)	(7)
Php - British Pound	7.45%	(9)	(7)	8.80%	(3)	(2)
Php - Bhutanese	5.74%	(398)	(298)	5.39%	(296)	(222)
Php - South Korean	8.82%	(2,850)	(2,137)	6.08%	(2,095)	(1,571)
Php - Nepalese	5.84%	110	83	5.87%	(27)	(20)
Php - Turkish Iira	19.87%	50	38	-	-	-
Total		P51,302	P38,479		P34,053	P25,540

If the Philippine peso had weakened against the foreign currencies, the effect would be the reverse of the amounts presented.

Exposures to foreign currency rates vary during the year depending on the volume of foreign currency denominated transactions. Nonetheless, the analysis is considered to be a representative of the Company's currency risk.

(b) *Equity Price Risk*

Equity price risk is the probability that the value of an equity investment would deteriorate due to changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Company, through its Investment Committee, has established conservative guidelines and policies and constantly reviews them to align with the Company's risk appetite, business profile, targets and better control the risks inherent in equity investments.

The Company's own investment policy requires that it invests only in shares of common stock of companies listed in the PSE. Also, these listed companies must have profitable business operations and market capitalizations supportive of the overall strategic direction of the Company.

The Investment Committee regularly reviews and approves a list of publicly traded stocks authorized for investments on the basis of the foregoing considerations. Furthermore, the Investment Committee seeks to avoid unwarranted concentration of funds in a single asset class by regularly monitoring and limiting the proportion of equity investments to the Company's total investment portfolio. Further, exposure limits to a group of entities and single entities are established and monitored regularly.

As at December 31, 2022 and 2021, investments in listed equities accounted for 9% and 16% of the Company's total investment portfolio, respectively.

The observed volatility rates of the fair value of the Company's HFT securities and AFS financial assets held at fair value and their impact on the Company's income before income tax and equity as at and for the years ended December 31, 2022 and 2021 are summarized as follows:

	2022			2021		
	Observed Volatility Rates	Impact on Income before Income Tax Increase (Decrease)	Effect on Equity Increase (Decrease)	Observed Volatility Rates	Impact on Income before Income Tax Increase (Decrease)	Effect on Equity Increase (Decrease)
HFT securities:						
Common shares	14.55%	P14,353	P14,353	–	P–	P–
AFS financial Assets:						
Common shares	14.55%	–	77,917	13.47%	–	154,759
Preferred shares	9.23%	–	22,137	6.97%	–	18,804
		P14,353	P114,407		P–	P173,563

If the same volatility in market value resulted to a decline in fair value, with all other variables remaining constant, the impact to HFT securities would be the reverse of the amounts presented above. While for AFS financial assets, a reduction on the income before income tax by P10.29 million and P19.93 million in 2022 and 2021, respectively.

(c) *Interest Rate Risk*

There are two types of interest rate risk:

- Fair Value Interest Rate Risk - the probability that the value of a financial instrument would deteriorate due to changes in market interest rates; and
- Cash Flow Interest Rate Risk - the probability that future cash flows of a financial instrument would deteriorate due to changes in market interest rates.

Significant portion of the Company's investments is composed mainly of fixed interest-bearing debt instruments carried at fair value. Its total consolidated bond holdings accounted for 77% and 79% of its total investment portfolio as at December 31, 2022 and 2021, respectively. As a result, the Company is exposed to fair value interest rate risk.

The Company does not carry debt instruments with variable interest rate and, thus, is not exposed to cash flow interest rate risk. Risk limits on issuer exposure, credit ratings, duration, and gapping of its portfolio are being monitored and managed to ensure protection of capital and address the Company's liquidity needs as they arise.

The analysis below details the impact of changes in market interest rate to the fair value of the Company's investment in fixed-rate debt instruments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2022		
	Observed Volatility Rates	Effect in Other Comprehensive Income	
		Increase in variable	Decrease in variable
Peso-denominated securities:			
Government bonds	23.70%	P886,234	P1,075,337
U.S. Dollar-denominated securities:			
Government bonds	37.16%	(141)	149
Corporate bonds	46.87%	(62)	105
		P886,031	P1,075,591
	2021		
	Observed Volatility Rates	Effect in Other Comprehensive Income	
		Increase in variable	Decrease in variable
Peso-denominated securities:			
Government bonds	28.41%	(P43,287)	P147,261
U.S. Dollar-denominated securities:			
Government bonds	51.71%	(49)	2
Corporate bonds	20.69%	(2)	-
		(P43,338)	P147,263

In 2022 and 2021, the Company determined the reasonably possible change in interest rate based on the historical percentage changes in weighted average yield rates of outstanding investments of the Company.

5. CASH AND CASH EQUIVALENTS

This account consists of:

	2022	2021
Cash on hand and in banks	P86,866	P305,165
Short-term placements	637,860	353,022
	P724,726	P658,187

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term placements include time deposits and special deposit accounts made for varying periods of up to three months depending on the liquidity requirements of the Company.

Interest income recognized from cash in banks and short-term placements amounting to P11.25 million in 2022, P3.38 million in 2021, and P11.85 million in 2020, is presented as part of the Investment and other income and expenses – net account in the statements of income (see Note 22).

Peso short-term placements earn annual interest ranging from 0.23% to 5.75% in 2022, 0.03% to 1.90% in 2021 and from 0.03% to 4.00% in 2020, while U.S. dollar short-term placements earn annual interest ranging from 0.05% to 4.60% in 2022, 0.02% to 0.13% in 2021, and 0.02% to 1.88% in 2020.

The Cash and cash equivalents account includes cash denominated in U.S. dollar amounting to \$3.63 million (P203.58 million) and \$5.45 million (P276.69 million) as at December 31 2022 and 2021, respectively.

6. REINSURANCE BALANCES RECEIVABLE – NET

The details of this account are as follows:

	2022	2021
Due from ceding companies	P2,996,839	P3,331,369
Reinsurance recoverable on paid losses	569,146	376,040
Funds held by ceding companies	294,037	224,901
Due from reinsurers	1,060	1,060
	3,861,082	3,933,370
Allowance for impairment	(486,621)	(511,212)
	P3,374,461	P3,422,158

The movements in these accounts are as follows:

	Notes	2022				Total
		Due from ceding companies	Reinsurance Recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of year		P3,331,369	P376,040	P224,901	P1,060	P3,933,370
Loss recoveries during the year	13, 23.1	-	661,366	-	-	661,366
Premiums written net of funds held during the year		3,958,436	-	-	-	3,958,436
Funds held during the year		-	-	750,208	-	750,208
Reclassification		857,883	9,348	(693,470)	-	173,761
Collections during the year		(5,129,422)	(485,155)	-	-	(5,614,577)
Foreign exchange revaluation		(21,427)	7,547	12,398	-	(1,482)
		2,996,839	569,146	294,037	1,060	3,861,082
Allowance for impairment		(163,492)	(322,044)	(25)	(1,060)	(486,621)
Balance at end of year		P2,833,347	P247,102	P294,012	P-	P3,374,461

	Notes	2021				Total
		Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of year		P2,741,537	P328,005	P157,563	P1,060	P3,228,165
Loss recoveries during the year	13, 23.1	-	474,644	-	-	474,644
Premiums written net of funds held during the year		3,777,678	-	-	-	3,777,678
Funds held during the year		-	-	417,447	-	417,447
Reclassification		495,374	49,921	(327,585)	-	217,710
Collections during the year		(3,754,274)	(472,384)	-	-	(4,226,658)
Write-off during the year		(19,032)	(10,979)	(24,033)	-	(54,044)
Foreign exchange revaluation		90,086	6,833	1,509	-	98,428
		3,331,369	376,040	224,901	1,060	3,933,370
Allowance for impairment		(198,570)	(311,557)	(25)	(1,060)	(511,212)
Balance at end of year		P3,132,799	P64,483	P224,876	P-	P3,422,158

The Company's collections of these reinsurance receivable include collections equivalent to underwriting costs and claims deducted by cedants from their statements of accounts.

Reinsurance balances receivables are reviewed for any indicators of impairment as of reporting date and allowance for impairment is recognized when necessary.

A reconciliation of the allowance for impairment at the beginning and end of 2022 and 2021 is shown below.

	2022					Total
	Notes	Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of year		P198,570	P311,557	P25	P1,060	P511,212
Additions (Reversals)		(35,451)	2,940	–	–	(32,511)
Revaluation		373	7,547	–	–	7,920
Balance at end of year		P163,492	P322,044	P25	P1,060	P486,621

	2021					Total
		Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	
Balance at beginning of year		P206,546	P326,756	P21,451	P1,060	P555,813
Write-off during the year		(19,032)	(10,979)	(24,033)	–	(54,044)
Additions (Reversals)		11,050	(11,050)	–	–	–
Revaluation		6	6,830	2,607	–	9,443
Balance at end of year		P198,570	P311,557	P25	P1,060	P511,212

The fair value of these short-term financial assets is not individually determined as the carrying amount is considered reasonable approximation of their fair value.

7. HELD-FOR-TRADING SECURITIES

This account is composed of the following:

	2022	2021
UITF	P100,627	P–
Equity securities	98,635	–
Forward asset	90,258	–
	P289,520	P–

UITF is a collective investment scheme, wherein funds of investors are pooled together. Subscription and/or redemption to these UITFs are reflected through units of participation. This is managed by a professional fund manager and is invested in various underlying instruments, such as time deposits and government securities.

Equity securities consist mainly of investment in companies listed in the PSE.

In December 29, 2022, the Company entered into a forward contract where the Company agreed to pay EUR 1.50 million in exchange for USD 1.61 million on June 27, 2023 to manage its exposure to foreign currency exchange rate fluctuations. As at December 31, 2022, the Company's forward asset and liability recognized amounted to P90.26 million and P89.33 million, respectively.

The net fair value losses on this forward contract amounted to P6.50 million in 2022 is recognized under Investment and other income and expenses – net in statements of income.

The details of the HFT securities are as follows:

	<i>Note</i>	2022	2021
Balance at beginning of year		P-	P-
Acquisitions		2,226,564	-
Disposals		(1,944,545)	-
Changes in fair value	22	(8,115)	-
Unrealized foreign currency gains		15,616	-
Balance at end of year		P289,520	P-

Dividend income earned from equities classified as HFT securities amounted to P3.56 million in 2022 and nil in 2021 and 2020 (see Note 22).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account is composed of the following:

	2022	2021
Debt securities	P4,032,724	P4,470,558
Equity securities - net	737,309	1,427,640
Investment in ARC shares	37,942	34,328
UITF	-	20,144
	P4,807,975	P5,952,670

Debt securities include investments in corporate bonds and government securities.

Debt securities earn interest at annual rates ranging from 1.10% to 8.63% in 2022, 0.85% to 8.00% in 2021, and 0.95% to 8.00% in 2020. Interest income amounting to P149.45 million in 2022, P150.48 million in 2021 and P160.49 million in 2020, is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 22).

The following presents the fair value of debt securities by contractual maturity dates:

	2022	2021
Due within one year	P268,926	P953,813
Due after one year through five years	2,764,361	3,187,184
Due after five years through ten years	999,437	329,561
	P4,032,724	P4,470,558

The balance of equity securities classified as AFS financial assets consists of:

	2022	2021
Cost:		
Quoted in the stock exchange	P681,592	P1,384,994
Not quoted in the stock exchange	14,745	14,745
	696,337	1,399,739
Unrealized foreign currency gains	1,438	102
Fair value gains (losses):		
Quoted in the stock exchange	43,997	33,262
Not quoted in the stock exchange	(4,463)	(5,463)
	39,534	27,799
	P737,309	P1,427,640

Equity securities consist mainly of investment in companies listed in the PSE.

Dividend income from these equity securities amounting to P32.99 million in 2022, P40.16 million in 2021 and P46.29 million in 2020, is presented under the Investment and other income and expenses – net account in the statements of income (see Note 22).

The shares of ARC have been issued in the name of the Government of the Philippines (GoP) as the Philippine government’s participation in the joint undertaking of Asian countries to organize a reinsurance company that will service the needs of the region. The GoP assigned such shares, including any interest accruing thereon, to the Company.

The GoP designated the Company as the national institution authorized to subscribe and pay for the said shares of stock. The shares of stock of ARC, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets. The fair value of investment in ARC shares amounted to P37.94 million and P34.33 million as at December 31, 2022 and 2021, respectively.

The reconciliation of the carrying amount of AFS financial assets is as follows:

	<i>Notes</i>	2022	2021
Cost			
Balance at beginning of year		P5,923,442	P5,668,881
Acquisitions		2,316,303	4,938,658
Disposals/maturities		(3,213,267)	(4,673,132)
Impairment losses		(123,998)	(6,811)
Unrealized foreign currency losses		8,421	(4,154)
		4,910,901	5,923,442
Fair value adjustment			
Balance at beginning of year		29,228	264,186
Changes in fair value		(232,505)	(147,335)
Fair value gains on disposal	22	(23,647)	(94,434)
Impairment losses	22	123,998	6,811
		(102,926)	29,228
Balance at end of year		P4,807,975	P5,952,670

Fair value gains or losses recognized in the statements of comprehensive income (loss) amounted to fair value losses of P232.51 million in 2022, P147.34 million in 2021 and fair value gains of P102.11 million in 2020, respectively.

In 2017 and 2018, the Company reclassified certain investments classified under AFS financial assets to HTM investments amounting to P1.56 billion (see Note 9) and to Other assets amounting to P0.88 million.

The Company recognized an impairment loss amounting to P124.00 million, P6.81 million and P469.31 million, in 2022, 2021 and 2020, respectively, which pertains to certain investments in equity securities with significant or prolonged decline in fair values. These were recorded as part of Investment and other income and expenses – net account in the statements of income (see Note 22) after transferring the same amount of fair value losses on AFS financial assets from the Other comprehensive income account.

The Company sold AFS financial assets with carrying amount of P3.21 billion in 2022, P4.67 billion in 2021 and P5.78 billion in 2020. Accordingly, the Company recognized gain on sale of AFS financial assets amounting to P23.65 million, P94.43 million and P309.26 million in 2022, 2021 and 2020, respectively. These are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 22).

Fair value losses of P100.35 million and 160.05 million in 2022 and 2020, respectively, and fair value gains of P87.62 million in 2021 as presented in the statements of comprehensive income (loss), were reclassified to profit or loss (see Note 22).

The fair value of majority of the AFS financial assets has been determined directly by reference to published prices in active market (see Note 33.2).

9. HELD-TO-MATURITY INVESTMENTS

The following presents the carrying value of corporate and government securities by contractual maturity dates:

	2022	2021
Due within one year	P264,222	P251,084
Due after one year through five years	2,041,053	1,771,809
Due after five years through ten years	695,454	367,865
More than ten years	57,795	–
	P3,058,524	P2,390,758

The reconciliation of the carrying amount of HTM investments is as follows:

	2022	2021
Balance at beginning of year	P2,390,758	P1,958,534
Additions	949,056	1,023,140
Maturities	(284,449)	(596,794)
Amortization	3,159	5,878
Balance at end of year	P3,058,524	P2,390,758

In May 2017, the Company's BOD approved the reclassification of certain investment in corporate bonds amounting to P1.09 billion previously classified as AFS financial assets to HTM investments due to change in intention to collecting interest coupons until maturity. New effective interest rates at the date of reclassification range from 2.36% to 6.24%.

In September 2018, the Company's BOD approved the reclassification of certain government securities from AFS financial assets to HTM investments amounting to P473.13 million with face value of P562.50 million (see Note 8). These are earmarked as security for the benefit of cedants and creditors of the Company in accordance with the provisions of the Insurance Code. The new effective interest rate at the date of reclassification is 7.13%.

As at December 31, 2022 and 2021, the fair value of the reclassified debt securities amounted to P0.67 billion and P0.90 billion, respectively, and the unamortized fair value gain that would have been recognized in other comprehensive income if the AFS financial assets had not been reclassified amounted to P9.68 million and P51.32 million for the years ended December 31, 2022 and 2021, respectively.

The carrying amount of the reclassified debt securities amounted to P0.66 billion and P0.85 billion as at December 31, 2022 and 2021, respectively.

In 2022, 2021 and 2020, the Company recognized interest income on HTM investments amounting to P126.23 million, P105.12 million and P119.52 million, respectively (see Note 22).

10. OTHER INVESTMENTS

As at December 31, 2022 and 2021, the Company's Other investments account amounted to P442.29 million and nil, respectively. This includes time deposits denominated in U.S. dollar amounting to \$7.81 million (P438.52 million).

Other investments consist of short-term placements with maturity periods of more than three (3) months but less than one (1) year. No similar transaction occurred in 2021 and 2020.

Interest income recognized from other investments amounting to P3.26 million in 2022 is presented as part of the Investment and other income and expenses – net account in the statements of income (see Note 22).

Peso short-term placements earn annual interest of 5.25% while U.S. dollar short-term placements earn annual interest ranging from 3.05% to 4.65% in 2022.

11. LOANS AND RECEIVABLES

This account is comprised of the following:

	<i>Notes</i>	2022	2021
Current:			
Loans and notes receivable		P20,587	P11,958
Dividend and interest receivable		60,957	43,433
	<i>35</i>	81,544	55,391
Non-current:			
Loans and notes receivable	<i>35</i>	4,665	2,328
		P86,209	P57,719

Loans and notes receivable include car loans extended to certain officers as part of their benefits. These loans are collected through salary deductions for a period of five years with an annual effective interest rate of 8.00%.

Interest income on Loans and notes receivable amounting to P0.41 million in 2022, P0.38 million in 2021 and P0.43 million in 2020, is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 22).

The carrying value of these financial assets approximate their fair value as the interest rates approximate the prevailing market interest rates. No impairment loss was recognized for loans and receivables in 2022, 2021 and 2020.

12. PROPERTY AND EQUIPMENT

A reconciliation of the carrying amount at the beginning and end of 2022 and 2021 of property and equipment is shown below.

2022						
Note	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	Total
Cost						
Balance at beginning of year	P101,310	P25,241	P12,000	P21,247	P11,225	P171,023
Additions	-	-	3,072	2,298	-	5,370
Disposals/retirement	-	-	(4,839)	(67)	-	(4,906)
Balance at end of year	101,310	25,241	10,233	23,478	11,225	171,487
Accumulated Depreciation						
Balance at beginning of year	74,857	10,198	7,073	17,008	9,846	118,982
Depreciation	24 3,377	2,523	1,402	2,127	1,258	10,687
Disposals/retirement	-	-	(3,325)	(20)	-	(3,345)
Balance at end of year	78,234	12,721	5,150	19,115	11,104	126,324
Net Book Value	P23,076	P12,520	P5,083	P4,363	P121	P45,163

2021						
Note	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	Total
Cost						
Balance at beginning of year	P101,310	P25,241	P12,353	P20,194	P11,225	P170,323
Additions	-	-	2,491	1,053	-	3,544
Disposals/retirement	-	-	(2,844)	-	-	(2,844)
Balance at end of year	101,310	25,241	12,000	21,247	11,225	171,023
Accumulated Depreciation						
Balance at beginning of year	71,480	7,676	7,835	14,913	8,446	110,350
Depreciation	24 3,377	2,522	2,082	2,095	1,400	11,476
Disposals/retirement	-	-	(2,844)	-	-	(2,844)
Balance at end of year	74,857	10,198	7,073	17,008	9,846	118,982
Net Book Value	P26,453	P15,043	P4,927	P4,239	P1,379	P52,041

The Company sold and retired certain assets with book value of 1.56 million, nil and P0.17 million in 2022, 2021 and 2020, respectively, and recognized net gain amounting to nil in 2022 and 2021 and P0.02 million in 2020. The net gain is presented under Gain (loss) on sale of non-financial assets under Investment and other income and expenses – net account in the statements of income (see Note 22).

The original cost of fully depreciated property and equipment that are still in use amounted to P25.06 million and P17.75 million as at December 31, 2022 and 2021, respectively.

ROU assets capitalized are recognized as part of EDP Equipment. As at December 31, 2022 and 2021, ROU assets and Lease liabilities amounted to P0.25 and P0.62 million, respectively.

In 2022 and 2021, depreciation associated with ROU assets amounted to P0.37 million and P0.72 million, respectively.

13. REINSURANCE RECOVERABLE ON REPORTED LOSSES AND REINSURANCE RECOVERABLE ON CLAIMS RESERVES

The movements in the accounts are as follows:

	<i>Notes</i>	Reinsurance recoverable on reported losses	Reinsurance recoverable on claims reserves
December 31, 2022			
Balance at beginning of year		P1,676,737	P912,031
Claims reported during the year	23.1	2,038,800	-
Transferred to reinsurance recovered on paid losses	6, 23.1	(661,366)	-
Claims incurred but not reported, net of adjustments	23.2	-	11,460
Reclassification		(2,008)	-
Foreign exchange revaluation		(11,795)	-
		3,040,368	923,491
Allowance for impairment		(135,238)	-
Balance at end of year		P2,905,130	P923,491
December 31, 2021			
Balance at beginning of year		P2,248,779	P330,634
Claims reported during the year	23.1	(173,948)	-
Transferred to reinsurance recovered on paid losses	6, 23.1	(474,644)	-
Claims incurred but not reported, net of adjustments	23.2	-	581,397
Reclassification		56,964	-
Foreign exchange revaluation		19,586	-
		1,676,737	912,031
Allowance for impairment		(99,444)	-
Balance at end of year		P1,577,293	P912,031

All of the Company's reinsurance recoverable on reported losses and claims reserves have been reviewed for indicators of impairment. Certain reinsurance recoverable on reported losses was found to be impaired and provisions have been recorded accordingly.

The movement in the allowance for impairment with respect to Reinsurance recoverable on reported losses during the year is as follows:

	<i>Note</i>	2022	2021
Balance at beginning of year		P99,444	P99,444
Additions		34,300	-
Foreign exchange revaluation		1,494	-
Balance at end of year		P135,238	P99,444

14. DEFERRED ACQUISITION COSTS

The movements in this account are as follows:

	<i>Note</i>	2022	2021
Balance at beginning of year		P658,344	P620,854
Cost deferred during the year		926,221	944,579
Cost recognized during the year	<i>23.3</i>	(883,224)	(907,089)
Balance at end of year		P701,341	P658,344

The amortization of deferred acquisition costs for the year is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 23.3).

15. DEFERRED REINSURANCE PREMIUMS

The movements in this account are as follows:

	2022	2021
Balance at beginning of year	P434,511	P407,404
Premiums retroceded during the year	1,721,490	1,357,272
Premiums amortized during the year	(1,549,933)	(1,330,165)
Balance at end of year	P606,068	P434,511

The movements in deferred reinsurance premiums for the year are presented as part of Movement in premium reserves – net account in the statements of income.

16. OTHER ASSETS – NET

This account is composed of the following:

	<i>Notes</i>	2022	2021
Deferred tax assets – net	26	P264,788	P264,608
Input VAT		200,889	201,221
Receivable from BIR		53,065	–
Prepaid income tax		27,364	18,885
Deferred withholding VAT		9,203	9,203
Deferred creditable tax		9,195	8,019
Prepayments		8,046	7,077
Intangible assets – net		4,733	10,501
Investment properties – net		3,705	3,705
Deposit		687	687
Security fund		644	644
Deferred input VAT		292	470
Defined benefit asset	24.2(b)	–	9,919
Others		138	138
		582,749	535,077
Allowance for impairment		(209,633)	(209,633)
		P373,116	P325,444

In 2022 and 2021, there is no change in the amount of allowance for impairment with respect to the balances disclosed above.

Receivable from BIR

Receivable from BIR account pertains to the amount collected by the BIR on April 20, 2022 in relation to the Final Decision on Disputed Assessment (FDDA) for VAT deficiency issued for the taxable year 2016 (see Note 37).

Prepaid income tax

Prepaid income tax pertains to the overpayment of income tax from taxable year 2021 and creditable withholding taxes claimed in taxable year 2022.

Prepayments

Prepayments pertain to software licenses and support maintenance costs and prepaid health and group life insurance premiums of the Company.

Intangible Assets – net

Intangible assets pertain to acquired computer software licenses used in operation and administration. The gross carrying amount and accumulated amortization of intangible assets as at December 31, 2022 and 2021 are as follows:

	2022	2021
Cost	P163,289	P163,289
Accumulated amortization	(158,556)	(152,788)
Balance at end of year	P4,733	P10,501

A reconciliation of the carrying amount at the beginning and end of 2022 and 2021, of intangible assets is shown below.

	<i>Note</i>	2022	2021
Balance at beginning of year, net of accumulated amortization		P10,501	P17,516
Amortization	<i>24</i>	(5,768)	(7,015)
Balance at end of year, net of accumulated amortization		P4,733	P10,501

Investment Properties – net

Investment properties consist of land which are owned for capital appreciation. The carrying amount of the investment properties as at December 31, 2022 and 2021 is P3.71 million.

The total estimated fair value based on the latest available selling price of the properties obtained by the Company amounted to P29.00 million and P23.30 million as at December 31, 2022 and 2021, respectively (see Note 33.4).

Security Fund

Security fund represents amount deposited with the IC, as required by the IC, and in instances of the Company becoming insolvent, can be used as payment for valid claims against the Company. The balance of the fund earns interest at rates determined by the IC annually.

Deferred Input VAT

Deferred input VAT pertains to VAT from the purchase of goods and services that are due to the suppliers as at reporting date.

17. REINSURANCE BALANCES PAYABLE

The details of this account are as follows:

	2022	2021
Due to retrocessionaires	P1,977,981	P1,554,687
Due to cedant	97,606	21,927
Funds held for retrocessionaires	21,636	20,460
	P2,097,223	P1,597,074

Due to retrocessionaires

Due to retrocessionaires represent unpaid premiums payable to the Company's retrocessionaires.

Funds held for retrocessionaires

Funds held for retrocessionaires represent portion of the reinsurance premium ceded to retrocessionaires, which were withheld by the Company in accordance with reinsurance agreements.

The Company's payments of these reinsurance liabilities are netted by the retrocessionaires' share in underwriting costs and losses paid.

The movements in these accounts are shown below.

	2022			Total
	Due to retrocessionaires	Due to cedant	Funds held for retrocessionaires	
Balance at beginning of year	P1,554,687	P21,927	P20,460	P1,597,074
Retroceded premiums net of funds held during the year	1,690,093	-	-	1,690,093
Funds held during the year	-	-	31,397	31,397
Funds released during the year	30,243	-	(30,243)	-
Reclassification	30,063	75,513	-	105,576
Payments made during the year	(1,336,014)	-	-	(1,336,014)
Foreign exchange revaluation	8,909	166	22	9,097
Balance at end of year	P1,977,981	P97,606	P21,636	P2,097,223

	2021			Total
	Due to retrocessionaires	Due to cedant	Funds held for retrocessionaires	
Balance at beginning of year	P1,157,660	P9,174	P12,753	P1,179,587
Retroceded premiums net of funds held during the year	1,340,201	-	-	1,340,201
Funds held during the year	-	-	17,071	17,071
Funds released during the year	14,509	-	(14,509)	-
Reclassification	222,899	14,135	5,128	242,162
Payments made during the year	(1,188,251)	(1,409)	-	(1,189,660)
Foreign exchange revaluation	7,669	27	17	7,713
Balance at end of year	P1,554,687	P21,927	P20,460	P1,597,074

18. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account includes the following:

	<i>Note</i>	2022	2021
Accounts payable and accrued expenses		P169,570	P147,524
Deposit liability		96,742	137,711
Deferred output VAT		27,441	26,247
Withholding taxes payable		4,730	5,501
Dividends payable	<i>27.3</i>	2,543	2,543
Defined benefit liability	<i>24.2 (b)</i>	2,006	–
		P303,032	P319,526

Accounts payable represent balances due to suppliers or for the purchase of goods or services. This includes accrued expenses pertaining to accruals of professional fees, outside services, utilities, uniforms, membership dues and meeting expenses and the related input VAT.

On February 13, 2020, the Company entered into an ordinary life coinsurance agreement with a ceding company for its specific in-force block of business, where it assumed a share of the gross premium in return for a proportionate share of the coverage of all benefits. An initial consideration of P211.10 million was transferred to the Company representing the statutory reserves of the underlying contracts. As the related insurance risk of the underlying contracts were not considered significant, this contract was accounted for as a Deposit liability. The statutory reserves are measured based on the assumptions consistent with the Life's valuation standards set by the IC.

Movements resulting from the remeasurement of the statutory reserves are recognized as Movement in deposit liability as reported under Investment and other income and expenses – net account (see Note 22). As at December 31, 2022 and 2021, the statutory reserves amounted to P96.74 million and P137.71 million, respectively.

Deferred output VAT pertains to VAT from the sale of goods and services that are still outstanding as at year-end. These amounts are not due for remittance to the BIR until the receivables are collected.

Other than the statutory reserves discussed above, the Management considers the carrying amount of accounts payable and accrued expenses recognized in the statements of financial position to be a reasonable approximation of their fair value due to their short duration.

19. LOSSES AND CLAIMS PAYABLE AND CLAIMS RESERVES

Losses and claims payable and claims reserves are losses due to ceding companies under reinsurance agreements inclusive of reserves for IBNR losses, loss adjustment expenses payable and MfAD as shown below.

<u>December 31, 2022</u>	<i>Notes</i>	Losses and Claims Payable	Claims Reserves
Balance at beginning of year		P4,214,836	P3,102,939
Claims incurred during the year – net	23.1	4,264,234	–
Claims incurred but not reported, net of adjustments	23.2	–	(277,128)
Reclassification		66,177	–
Claims paid during the year	23.1	(2,893,475)	–
Foreign exchange revaluation		65,608	–
Balance at end of year		P5,717,380	P2,825,811

<u>December 31, 2021</u>	<i>Notes</i>	Losses and Claims Payable	Claims Reserves
Balance at beginning of year		P4,547,401	P2,255,646
Claims incurred during the year – net	23.1	1,522,628	–
Claims incurred but not reported, net of adjustments	23.2	–	847,293
Reclassification		(18,948)	–
Claims paid during the year	23.1	(1,906,123)	–
Foreign exchange revaluation		69,878	–
Balance at end of year		P4,214,836	P3,102,939

20. PREMIUM RESERVES

The movements in Premium reserves are as follows:

	2022	2021
Balance at beginning of year	P1,533,329	P1,539,347
Premium written during the year	4,708,644	4,195,125
Premiums earned during the year	(4,549,685)	(4,201,143)
Balance at end of year	P1,692,288	P1,533,329

The movement in premiums reserves for the year are presented as part of Movement in premium reserves – net account in the statements of income.

21. DEFERRED REINSURANCE COMMISSIONS

The movements in Deferred reinsurance commissions are as follows:

	<i>Note</i>	2022	2021
Balance at beginning of year		P9,242	P6,920
Income deferred during the year		59,808	48,098
Income recognized during the year	23.3	(56,514)	(45,776)
Balance at end of year		P12,536	P9,242

The amortization of deferred reinsurance commissions for the year is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 23.3).

22. INVESTMENT AND OTHER INCOME AND EXPENSES – NET

The details of this account are as follows:

	Notes	2022	2021	2020
Interest income:				
Cash and cash equivalents	5	P11,246	P3,379	P11,846
AFS financial assets	8	149,447	150,475	160,493
HTM investments	9	126,230	105,115	119,524
Other investments	10	3,257	–	–
Loans and receivables	11	412	384	429
Others		971	415	1,752
Dividend income	7, 8	36,545	40,157	46,285
Gain on sale of AFS	8	23,647	94,434	309,260
Foreign currency gains (losses)		13,964	25,399	(28,661)
Movement in deposit liability	18	499	(2,360)	(13,581)
Impairment loss on AFS financial assets	8	(123,998)	(6,811)	(469,312)
Fair value losses on HFT securities	7	(8,678)	–	–
Fair value losses from forward contract	7	(6,498)	–	–
Gain on sale of non-financial assets	12	–	–	17
Other charges		(11,655)	(6,477)	(6,386)
		P215,389	P404,110	P131,666

23. UNDERWRITING DEDUCTIONS

The accounts below represent the aggregate amount of the Company's share in net losses and claims relative to its acceptances under reinsurance agreements.

23.1 Share in Reported Losses – Net

	Notes	2022	2021	2020
Gross claims paid	19	P2,893,475	P1,906,123	P1,927,445
Retrocessionaires' share in losses paid	6, 13	(661,366)	(474,644)	(371,075)
Gross change in provision for claims reported	19	1,370,759	(383,495)	362,314
Retrocessionaires' share in change in provision for claims reported	13	(1,377,434)	648,592	(159,784)
		P2,225,434	P1,696,576	P1,758,900

23.2 Share in Unreported Loss Reserves – Net

	Notes	2022	2021	2020
Gross change in provision for IBNR	19	(P277,128)	P847,293	P258,022
Retrocessionaires' share in change in provision for IBNR	13	(11,460)	(581,397)	(11,028)
		(P288,588)	P265,896	P246,994

23.3 Commissions – Net

This account consists of the following:

	Notes	2022	2021	2020
Commission expense	14	P883,224	P907,089	P1,063,218
Commission income	21	(56,514)	(45,776)	(31,559)
		P826,710	P861,313	P1,031,659

Commission expense refers to the amortized portion of the fees deducted by ceding companies from reinsurance premiums assumed under reinsurance agreements, while commission income pertains to the amortization for the year of the fees charged by the Company related to reinsurance premiums retroceded under retrocession agreements.

24. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	Notes	2022	2021	2020
Salaries and employee benefits	24.1	P191,720	P163,719	P154,769
Taxes, licenses and fees	37	31,184	6,325	30,439
Professional fees		25,500	14,609	15,320
Data, licenses and subscriptions		22,546	22,922	21,194
Depreciation and amortization	12, 16	16,455	18,491	20,084
Repairs and maintenance		9,166	8,362	8,213
Outsourced functions		7,550	5,918	7,273
Communication and postages		3,809	4,446	6,141
Dues and fees		3,630	3,422	3,459
Advertising and publicity		2,935	1,496	702
Light and water		1,321	1,300	1,656
Meetings, conferences and conventions		1,235	489	566
Insurance		1,072	987	1,105
Representation and entertainment		598	128	217
Printing and office supplies		287	93	242
Rental	31.1	179	223	253
Miscellaneous		11,156	7,058	6,786
		P330,343	P259,988	P278,419

Taxes, Licences and Fees

Taxes, licenses and fees consist of payments made for the local and national taxes, tax deficiency assessments, business permits and licenses except for the year 2021 wherein no tax deficiency assessments were recognized.

Professional Fees

Professional fees are the expenses charged for external services engaged such as consultancy, external audit, legal and actuarial services.

Data, licenses and Subscriptions

Data, licenses and subscription are the amortized portion of subscriptions paid for the use of various computer licensed software.

24.1 Salaries and Employee Benefit Expense

The details of salaries and employee benefits are presented below.

	<i>Note</i>	2022	2021	2020
Short-term employee benefits		P167,585	P147,206	P140,264
Post-employment defined benefit	24.2	11,521	10,461	10,293
Compensated absences		12,614	6,052	4,212
		P191,720	P163,719	P154,769

24.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

The Company maintains a wholly-funded, tax-qualified, non-contributory post-employment defined benefit plan retirement plan that is being administered by a trustee covering all regular full-time employees.

The normal retirement age is 60 with a minimum of 10 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 10 years of credited service. Normal retirement benefit is an amount equivalent to 175% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below and in the succeeding pages are based on the actuarial valuation reports obtained from an independent actuary in 2022 and 2021. The amount of defined benefit liability as at December 31, 2022 is presented as part of Accounts payable and accrued expenses (see Note 18) and the amount of the defined benefit asset as at December 31, 2021 is presented as part of Other assets - net (see Note 16) and are recognized in the statements of financial position determined as follows:

	2022	2021
Fair value of the plan assets	P77,675	P98,829
Present value of the obligation	(79,681)	(88,910)
	(P2,006)	P9,919

The movements in the fair value of plan assets is presented below.

	2022	2021
Balance at beginning of year	P98,829	P92,238
Interest income	4,754	3,146
Return on plan assets	(8,726)	(527)
Contributions paid into the plan	–	10,461
Benefits paid by the plan	(17,182)	(6,489)
Balance at end of year	P77,675	P98,829

The movements in the present value of the retirement benefit obligation are as follows:

	<i>Note</i>	2022	2021
Balance at beginning of year		P88,910	P83,141
Current service cost	24.1	11,521	10,461
Interest expense		4,277	2,835
Remeasurements – actuarial losses (gains) arising from:			
Experience adjustments		(1,472)	(4,195)
Changes in financial assumptions		(6,373)	3,157
Benefits paid by the plan		(17,182)	(6,489)
Balance at end of year		P79,681	P88,910

The composition of the fair value of plan assets at the end of the reporting period by category and risk characteristics is shown below.

	2022	2021
Cash and cash equivalents	P9,315	P12,012
Philippine government securities	43,513	57,176
Equity securities	15,325	20,535
Corporate notes	8,604	6,998
Loans and receivables	635	790
Mutual fund	870	8,024
Accounts payable	(587)	(6,706)
	P77,675	P98,829

The fair value of the equity and government bonds are determined based on quoted market prices in active markets.

The return on plan assets amounted to a loss of P3.97 million in 2022 and a gain of P2.62 million and P1.26 million 2021 and 2020, respectively.

Plan assets do not comprise any of the Company's own financial instruments.

The components of amounts recognized in the statements of income and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

	2022	2021	2020
<i>Reported in statements of income:</i>			
Current service cost	P11,521	P10,461	P10,293
Net interest income	(477)	(311)	(631)
	P11,044	P10,150	P9,662
<i>Reported in other comprehensive loss (income):</i>			
Actuarial losses (gains) arising from:			
Experience adjustments	(P1,472)	(P4,195)	P1,972
Changes in financial assumptions	(6,373)	3,157	(193)
Return on plan assets (excluding amounts included in net interest)	8,726	527	2,683
	P881	(P511)	P4,462

Current service cost and settlement gain, if any, are presented as part of Salaries and employee benefits; while net interest income or expense is presented as part of Interest income under Investment and other income and expenses – net account (see Note 22).

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

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

	2022	2021	2020
Discount rate	7.0%	4.8%	3.4%
Expected rate of salary increase	6.0%	5.0%	3.0%
Employee turn-over rate	10.0%	10.0%	10.0%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 40. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero-coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

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

(i) *Investment and Interest Risks*

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

Currently, the plan has investments in cash and cash equivalents, debt securities, mutual funds, equity securities, and loans and receivables. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) *Longevity and Salary Risks*

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

(iii) *Inflation Risk*

A significant proportion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Company's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described as follows:

(i) *Sensitivity Analysis*

The following tables summarize the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit asset/liability:

December 31, 2022	Impact on Defined Benefit Liability		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 1.0%	(P4,663)	P5,237
Salary growth	+/- 1.0%	5,238	(4,809)
Turn-over rate	+/- 10.0%	554	(554)

December 31, 2021	Impact on Defined Benefit Asset		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 1.0%	P5,074	(P5,769)
Salary growth	+/- 1.0%	(5,667)	5,136
Turn-over rate	+/- 10.0%	740	(740)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the 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 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 asset recognized in the statements of financial position.

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

(ii) *Asset-liability Matching Strategies*

The Company applies asset-liability matching techniques to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement fund. Retirement funds are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations, and maximize opportunities for higher potential returns at the least risk.

The Company is guided by a formal Asset-Liability Management Study conducted by an independent actuary. In the study, expected benefit payments are projected and classified into short-term, medium-term or long-term liabilities. Investment instruments that would match the liabilities are identified. Finally, the investment mixes that would yield the maximum returns at certain risk levels are identified.

The study is conducted annually to capture changes in the demographic profile of the employees and changes in the economic environment affecting the amounts of maturing obligations and rates of return of available investment instruments.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as at December 31, 2022 and 2021 consists of debt and equity securities, although the Company also invests in cash equivalents, mutual fund and loans and receivables. The Company believes that debt securities offer the most secure returns over the long term as they have the least acceptable level of risk which is in line with their asset-liability matching techniques.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P2.01 million based on the latest actuarial valuation. The Company shall contribute annually to the retirement fund an amount equivalent to the current service cost. It shall also contribute the needed amount to pay for retirement benefits becoming due that cannot be covered by the retirement fund. Tactical funding shall however be employed on a year-to-year basis to maximize tax incentives, take advantage of investment opportunities, and satisfy the liquidity requirements of the Company.

As at December 31, 2022 and 2021, the maturity profile of undiscounted expected benefit payments from the plan for the next 20 years is as follows:

	2022	2021
Within one year	P2,165	P19,497
More than one year to five years	91,391	70,937
More than five years to 10 years	40,197	41,176
More than 10 years to 15 years	74,372	63,736
More than 15 years to 20 years	97,955	57,296
	P306,080	P252,642

The weighted average duration of the defined benefit obligation at the end of the reporting period is 11 years.

25. RECLASSIFICATION

In 2022, the Company reclassified certain assets and liability accounts in the statement of financial position as at December 31, 2021 to conform with the current year's presentation.

The table shows the impact of reclassification adjustments in the statement of financial position as at December 31, 2021:

Statement of Financial Position	<i>Notes</i>	As previously presented	Reclassification adjustment	As reclassified
Reinsurance recoverable on reported losses - net	<i>13</i>	P1,854,884	(P277,591)	P1,577,293
Losses and claims payable	<i>19</i>	4,492,427	(277,591)	4,214,836

The above reclassification has no material effect on the statement of income, statement of comprehensive income, statement of cash flow and income tax for the year then ended. Accordingly, management did not need to present the statement of financial position at the beginning of the earliest comparative period.

26. CURRENT AND DEFERRED TAXES

The components of tax expense, as reported in statements of income, are as follows:

	2022	2021	2020
Current tax expense:			
Regular corporate income tax (RCIT)	P-	P4,999	P98,520
Final tax at 20%, 7.5%, and 15%	65,541	57,876	60,549
Deferred tax benefit	-	(13,259)	(84,014)
	P65,541	P49,616	P75,055

The reconciliation of the tax on pretax profit computed at the applicable statutory rates to tax expense in the statements of income is as follows:

	2022	2021	2020
Tax on pretax profit (2022 and 2021: 25%; and 2020: 30%)	P30,311	P47,829	P58,491
Non-deductible expenses	37,030	1,865	144,607
Non-taxable income	(16,577)	(34,305)	(105,683)
Adjustment for income subjected to lower tax rates	(7,123)	(6,944)	(27,200)
Others	-	34,279	(1,241)
Tax effects of:			
Movements in unrecognized deferred tax assets:			
Losses and claims payable	56,183	1,053	31,002
Unrealized foreign currency losses (gains)	35,721	(4,653)	5,584
Defined benefit liability	18,562	-	(21,973)
Accrued expense	9,728	844	(2,935)
Allowance for impairment of receivables	447	-	-
Claims reserves	(90,752)	7,467	176
Accrued commission expense, net of deferred acquisition costs	(5,578)	(1,862)	10,522
Premium reserves	(1,981)	7,158	(9,696)
Amortized past service cost	(430)	(3,115)	(6,599)
Tax expense reported in statements of income	P65,541	P49,616	P75,055

Presented below is the composition of the deferred tax asset and deferred tax liabilities recognized as at December 31, 2022 and 2021 (see Note 16).

	2022		2021	
	Tax Base	Tax Amount	Tax Base	Tax Amount
Profit or loss:				
Claims reserves	P2,021,213	P505,303	P1,935,332	P483,833
Net operating loss carryover (NOLCO)	374,141	93,535	–	–
Accrued commission expense, net of deferred acquisition costs	72,035	18,009	66,918	16,730
Reinsurance recoverable on claims reserves	(923,491)	(230,873)	(912,031)	(228,008)
Reinsurance recoverable on reported losses	(279,680)	(69,920)	(196,494)	(49,124)
Defined benefit asset	(74,247)	(18,562)	(83,285)	(20,821)
Past service cost	(9,919)	(2,480)	9,919	2,480
Prepaid expenses	(8,032)	(2,008)	(6,748)	(1,687)
Fair value changes from forward contract	(926)	(231)	–	–
Losses and claims payable	–	–	196,494	49,124
Defined benefit liability	–	–	73,366	18,341
Accrued expenses	–	–	6,748	1,687
Unrealized foreign currency losses (gains):				
Cash and Cash Equivalents	(24,970)	(6,242)	(12,869)	(3,217)
Reinsurance balances receivable	(16,112)	(4,028)	(17,594)	(4,399)
HFT securities	(15,616)	(3,904)	–	–
AFS financial assets	(34,272)	(8,568)	(25,851)	(6,463)
Reinsurance recoverable on reported losses	–	–	(22,882)	(5,721)
Allowance for impairment	–	–	(6,826)	(1,706)
Reinsurance balances payable	(11,087)	(2,772)	3,500	875
Accounts payable and accrued expenses	–	–	84	21
Losses and claims payable	–	–	61,256	15,314
	1,069,037	267,259	1,069,037	267,259
Other comprehensive income:				
Revaluation reserves on AFS financial assets	(9,886)	(2,471)	(8,941)	(2,651)
Net deferred tax assets	P1,059,151	P264,788	P1,060,096	P264,608

The Company has not recognized deferred tax assets on the following temporary differences as at December 31, 2022 and 2021.

	2022		2021	
	Tax Base	Tax Amount	Tax Base	Tax Amount
Deferred tax assets:				
Claims reserves	P804,598	P201,150	P1,167,607	P291,902
Allowance for impairment	619,271	154,818	617,482	154,371
Losses and claims payable	392,694	98,174	167,962	41,991
Accrued commission expense, net of deferred acquisition costs	56,081	14,020	78,393	19,598
Accrued expense	51,652	12,913	12,741	3,185
Premium reserves	40,822	10,205	48,744	12,186
Defined benefit liability	74,247	18,562	–	–
Unamortized past service cost	9,843	2,461	11,564	2,891
Unrealized foreign currency losses:				
Allowance for impairment	2,588	647	–	–
Other investments	676	169	–	–
Other assets – net	39	10	–	–
Reinsurance balances payable	12,597	3,149	–	–
Accounts payable and accrued expenses	120	30	–	–
Losses and claims payable	126,864	31,716	–	–
Unrecognized deferred tax assets	P2,192,092	P548,024	P2,104,493	P526,124

In 2022 and 2021, the Company opted to claim itemized deductions in determining its tax expense.

The Company's NOLCO which can be claimed as tax credit against future taxable income is as follows:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2022	P374,141	P-	P-	P374,141	2025

On April 8, 2021, the Bureau of Internal Revenue (BIR) issued the following implementing revenue regulations that are effective immediately upon publication:

- BIR Revenue Regulations (RR) No. 2-2021, Amending Certain Provisions of Revenue Regulations No. 2-98, As Amended, to Implement the Amendments Introduced by R.A. No. 11534, or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, to the National Revenue Code (NIRC) of 1997, as Amended, Relative to the Final Tax on Certain Passive Income;
- BIR RR No. 3-2021, Rules and Regulations Implementing Section 3 of R.A. No. 11534, Otherwise Known as the CREATE Act, Amending Section 20 of the NIRC of 1997, As Amended;
- BIR RR No. 4-2021, Implementing the Provisions on VAT and Percentage Tax Under Republic Act No. 11534, Otherwise Known as the CREATE Act Which Further Amended the NIRC of 1997, as Amended, as Implemented by RR No. 16-2005 (Consolidated Value-Added Tax Regulations of 2005), As Amended; and

- BIR RR No. 5-2021, Implementing the New Income Tax Rates on the Regular Income of Corporations, on Certain Passive Incomes, Including Additional Allowable Deductions from Gross Income of Persons Engaged in Business or Practice of Profession Pursuant to RA No. 11534 or the CREATE Act, Which Further Amended the NIRC of 1997.

The enactment of the CREATE Law is a non-adjusting subsequent event in 2020 despite its effectivity date of July 1, 2020. Hence, the current and deferred income taxes as at December 31, 2020 are measured using the applicable income tax rates while the half-year impact in 2020 was recognized prospectively in 2021.

The Company is subject to MCIT which is computed at 1% of gross income or RCIT, whichever is higher. The Company recognized RCIT at 25% as its current tax expense in 2022 and 2021.

27. EQUITY

The Company's equity is composed of the following:

	<i>Notes</i>	2022	2021
Capital stocks		P2,181,955	P2,181,955
Additional paid-in capital		3,019,218	3,019,218
Treasury shares	27.1	(100,525)	(100,525)
Revaluation reserves		(221,815)	(102,318)
Retained earnings		721,581	665,880
		P5,600,414	P5,664,210

27.1 Capital Stock

As at December 31, 2022 and 2021, the Company has authorized shares of 3,000,000,000 and has issued and outstanding shares amounting to P2.08 billion net of treasury shares, which is divided into 2,123,605,600 shares with a par value of P1 per share.

On April 27, 2007, the Philippine Securities and Exchange Commission (SEC) approved the listing of the Company's shares totalling 741,902,600. The shares were initially issued at an offer price of P3.80 per share.

As at December 31, 2022 and 2021, there are 269 holders of the listed shares. Such listed shares closed at P0.58 and P0.60 per share, as at those dates, respectively.

As at December 31, 2022 and 2021, total treasury shares amounted to P100.53 million representing 58,349,000 shares. There were no treasury stock transactions in 2022 and 2021.

27.2 *Appropriation for Special Reserve*

In 1989, the BOD approved the establishment of a special reserve for extraordinarily high loss occurrences or severe catastrophic losses. As such, 10% of profit is set aside as special reserve provided there is no deficit. For the years ended December 31, 2022 and 2021, the Company appropriated P5.57 million and P14.17 million, respectively, for special reserve.

27.3 *Retained Earnings*

There was no declaration of cash dividends in 2022 and 2021. The total outstanding dividends payable amounted to P2.54 million as at December 31, 2022 and 2021. These are presented as Dividends payable under Accounts payable and accrued expenses account in the statements of financial position (see Note 18).

The Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

28. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders, related parties under common ownership, retirement plan and the Company's key management personnel with which the Company had transactions as described below and in the succeeding pages.

28.1 *Reinsurance Contracts with Related Parties*

The Company accepts and cedes insurance business under various reinsurance contracts with related parties. The details of which are presented as follows:

	2022		2021	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Premiums	P-	P314,494	(P3)	P233,152
Retrocessions	(3)	-	(2)	-
Commission expense	-	26,606	(1)	30,867
Losses incurred (reversal)	(576)	273,543	25,838	68,838
Loss recoveries (reversal)	1,603	-	(6,160)	-

The outstanding balance of the Reinsurance balances receivable from and payable to related parties as at December 31, 2022 and 2021 are presented as follows:

	2022		2021	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Due from (to) ceding companies	P113	P147,806	(P2)	P104,788
Funds held for retrocessionaires	1	–	1	–
Reinsurance recoverable on reported losses	6,331	–	8,478	–
Losses and claims payable	145,545	782,312	192,532	575,222
Due to retrocessionaires	3	7,235	6	6,678

The balances discussed above are non-interest bearing, unsecured and is common for all reinsurance agreements regardless of whether the counterparties are related or unrelated to the Company. Premiums receivable, premiums payable and the related commission income/expense are expected to be settled in cash in accordance with the underlying reinsurance contracts. Claims payable and claims recoverable are expected to be settled in cash when the insured/reinsured party has fully substantiated the underlying claim. The allowance for impairment recognized under Due from ceding companies amounted to P74.75 million and P74.88 million as at December 31, 2022 and 2021, respectively.

The reversed allowance for impairment from related parties under Reinsurance recoverable on reported losses amounted to P11.63 million and nil as at December 31, 2022 and 2021, respectively. No impairment was recognized from related parties under Due from ceding companies and Reinsurance recoverable on reported losses as at December 31, 2022 and 2021.

28.2 Other Transactions

The Company's other transactions with related parties are presented as follows:

		2022		2021	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Stockholder:					
Cash and cash equivalents	(a)	P62,290	P104,398	(P19,472)	P42,108
HFT securities	(b)	85,923	102,397	–	–
AFS financial assets	(b)	(38,289)	44,399	1,134	80,908
HTM investments	(b)	(50,000)	–	–	50,000
Interest income – cash and cash equivalents	(a)	79	36	51	–
Interest income – bonds	(b)	534	–	1,525	183
Dividend income – HFT securities	(b)	67	–	–	–
Dividend income - AFS financial assets	(b)	1,144	–	1,046	–
Other expenses	(c)	63	–	2	–
Related Party Under Common Ownership:					
Cash and cash equivalents	(a)	51,679	367,865	(34,746)	316,186
HFT securities	(b)	96,058	100,210	–	–
AFS financial assets	(b)	(55,102)	185,308	(145,866)	189,914
HTM investments	(b)	444,241	608,248	113,574	164,007
Other investments	(a)	99,172	99,172	–	–
Forward liability	(b)	89,695	89,332	–	–
Interest income – bonds	(b)	5,405	–	–	–

(a) *Cash and Cash Equivalents and Other Investments*

The Company maintains several savings, time deposits (including those with original maturity of more than three (3) months but less than one year and are classified as Other investments) and current accounts with a stockholder and related party under common ownership. Interest income recognized is presented as part of Interest income under Investment and other income and expenses – net account in the statements of income (see Note 22).

(b) *Investments*

The Company has investment in shares of stock of a stockholder, and fixed income securities, forward contracts, and UITF investments with related parties under common ownership classified as HFT securities, AFS financial assets, HTM investments and Forward liability. Relative to these transactions, the Company recognized dividend income, interest income, Gain on sale of AFS, Fair value losses on HFT securities, and Fair value losses from forward contract which are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 22), while accrued interest on HTM investments is presented as part of Loans and receivables in the statements of financial position (see Note 11).

(c) *Investment Management and Custodianship*

The Company has entered into “Investment Management Agreement” and “Custodianship Agreement” with related parties under common ownership for the management and custodianship of certain investible funds of the Company subject to terms and conditions in the said agreements. In consideration for the services rendered, the Company pays the related parties under common ownership service fees equivalent to a certain percentage of the market value of the investments.

The total service fees paid is charged against Other charges under Investment and other income and expenses – net account in the statements of income (see Note 22).

28.3 *Investment Management of Retirement Fund*

The Company has existing “Retirement Fund Investment Management Agreement” with related parties under common ownership for the management of the investments of the Company’s retirement funds subject to the terms and conditions in the said agreement. The retirement fund does not hold any security issued by the Company as at December 31, 2022 and 2021.

28.4 *Key Management Personnel Compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director, whether executive or otherwise, of the Company.

The compensation of key management personnel is presented as follows:

	2022	2021	2020
Short-term benefits	P63,125	P57,332	P52,504
Post-employment defined benefit	3,048	3,342	3,776
	P66,173	P60,674	P56,280

29. SOLVENCY

Under the Amended Insurance Code, an insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital, and net worth requirements as prescribed by the IC Commissioner. Such solvency requirements shall be based on internationally accepted solvency frameworks and adopted only after due consultation with the insurance industry associations.

Whenever the aforementioned requirement is found to be less than the required to be maintained, the IC Commissioner shall direct the Company to make good any such deficiency by cash, to be contributed by all stockholders of record in proportion with their respective interests, and paid to the treasurer of the Company, within 15 days from receipt of the order. Provided, that the Company in the interim shall not be permitted to take any new risk of any kind or character unless and until it makes good any such deficiency.

In case that a stockholder pays the contribution due from another stockholder by reason of failure or refusal of the latter to do so, shall have a lien on the certificates of stock of the Company appearing in its books in the name of the defaulting stockholder on the date of default, as well as on any interests or dividends that have accrued or will accrue to the said certificates of stocks, until the corresponding payment or reimbursement is made by the defaulting stockholder.

30. EARNINGS PER SHARE

The earnings per share are presented as follows:

	2022	2021	2020
Net profit available to common shareholders	P55,701	P141,699	P119,917
Divided by the average number of outstanding common shares (in thousands)	2,123,606	2,123,606	2,123,606
	P0.026	P0.067	P0.056

Diluted earnings per share is not determined since the Company does not have dilutive shares as at December 31, 2022, 2021 and 2020.

31. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

31.1 Lease Commitments – Company as Lessee

The Company is a lessee under various leases covering warehouse and parking lots having a term of one year with renewal options. The future minimum rentals payable under this non-cancellable operating lease as at December 31, 2022 and 2021 is P0.26 million and P1.12 million, respectively, which is payable not later than one year.

Rental expense recognized amounted to P0.18 million, P0.22 million and P0.25 million in 2022, 2021, and 2020, respectively, and is presented in the statements of income as Rental under General and administrative expenses (see Note 24).

31.2 Legal Claims

The Company is currently involved in various legal proceedings. In consultation with the legal counsel, the related risk has been analyzed as to likelihood of occurrence and amount of future obligation. The Company believes that the outcome of these proceedings as at December 31, 2022 and 2021 will not have a material adverse effect on the Company's financial position.

31.3 Deficiency Tax Assessments

The Company received the Final Decision on Disputed Assessment (FDDA) for the taxable period July 1, 2012 to December 31, 2012 and taxable year 2016 in relation to its VAT, and the Formal Letter of Demand (FLD) for the taxable years 2017 and 2018. These assessments are in pursuant to which the BIR has sought to investigate the tax periods identified against the Company and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. Pursuant to the Company's policy of addressing such actions and in line with prudent business practice, the Company has engaged tax counsel in relation to these matters.

As at December 31, 2022 and 2021, management believes that there is no probable reason that a material outflow of resources will be required, in excess of what has already been provided as provision, considering the merits of the Company's protest and the sufficiency and validity of the documents submitted to the local tax authorities to support the Company's position.

31.4 Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. Management believes that losses as at December 31, 2022 and 2021, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

32. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

32.1 Comparison of Carrying Amounts and Fair Values

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

	Notes	2022		2021	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:					
Loans and receivables:					
Cash and cash equivalents	5	P724,726	P724,726	P658,187	P658,187
Reinsurance balances receivable - net	6	3,374,461	3,374,461	3,422,158	3,422,158
Loans and receivables	11	86,209	86,209	57,719	57,719
Reinsurance recoverable on reported losses - net	13	2,477,807	2,477,807	1,634,719	1,634,719
Other investments	10	442,292	442,292	–	–
		P7,105,495	P7,105,495	P5,772,783	P5,772,783
HFT securities:					
UITF		P100,627	P100,627	P–	P–
Equity securities		98,635	98,635	–	–
Forward assets		90,258	90,258	–	–
	7	P289,520	P289,520	P–	P–
AFS financial assets:					
Debt securities		P4,032,724	P4,032,724	P4,470,558	P4,470,558
Equity securities		737,309	737,309	1,427,640	1,427,640
Investment in ARC		37,942	37,942	34,328	34,328
UITF		–	–	20,144	20,144
	8	P4,807,975	P4,807,975	P5,952,670	P5,952,670
HTM investments	9	P3,058,524	P2,971,539	P2,390,758	P2,446,718
Other investments	10	P442,292	P442,292	P–	P–
Financial liabilities:					
Reinsurance balances payable	17	P2,097,223	P2,097,223	P1,597,074	P1,597,074
Forward liability	7	89,332	89,332	–	–
Accounts payable and other accrued expenses*	18	268,855	268,855	287,778	287,778
Losses and claims payable	19	5,056,541	5,056,541	4,034,776	4,034,776
		P7,511,951	P7,511,951	P5,919,628	P5,919,628

* Excluding taxes payable and defined benefit liability.

Due to the short-term duration, management considers the carrying value of the Company's loans and receivables and financial liabilities at amortized cost approximate their fair value as at the end of the reporting periods.

See Notes 2.4 and 2.10 for a description of the accounting policies for each category of financial instrument including the determination of fair value. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

32.2 *Offsetting of Financial Assets and Financial Liabilities*

For financial assets and financial liabilities, subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties, including related parties, allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

33. FAIR VALUE MEASUREMENT AND DISCLOSURES

33.1 *Fair Value Hierarchy*

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

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

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

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

33.2 *Financial Instruments Measured at Fair Value*

The table below shows the fair value hierarchy of the Company's financial assets and liability measured at fair value in the statements of financial position on a recurring basis (amounts in thousands).

	<i>Notes</i>	Level 1	Level 2	Level 3	Total
December 31, 2022					
HFT securities	7	P199,262	P90,258	P–	P289,520
AFS financial assets	8	4,759,752	2,649	45,574	4,807,975
Forward liability	7	–	89,332	–	89,332
December 31, 2021					
AFS financial assets	8	P5,909,060	P1,650	P41,960	P5,952,670

The movements of the AFS financial assets classified under Level 3 in the fair value hierarchy are shown below.

	2022	2021
Balance at beginning of year	P41,960	P39,893
Fair value gains	941	698
Foreign currency losses	2,673	1,369
Balance at end of year	P45,574	P41,960

The Company has no financial liabilities measured at fair value as at December 31, 2021. Also, there has been no transfer between levels in 2022 and 2021.

Described below are the information about how the fair value of the Company's classes of financial assets are determined.

a) Equity securities

As at December 31, 2022 and 2021, instruments included in Level 1 comprise equity securities classified as HFT securities and AFS financial assets. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

Golf club shares classified as AFS financial assets are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, investment in equity securities held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the private company's book value using the most recent available financial data. The estimated fair value will increase (decrease) if the book value increases (decreases).

b) Debt securities

The fair value of the Company's debt securities, which consist of government and corporate bonds, is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) UITF

The fair value of the Company's UITF which is classified as money market funds and consist of units of participation on the Fund's investments in short-term fixed income instruments consisting of time deposits and government securities with tenors of less than one year is estimated by reference to the net asset value published by the fund managers and is categorized within Level 1.

d) Forward asset and liability

The fair value of the Company's forward asset and liability is estimated by reference to the foreign exchange rate published by the Bangko Sentral ng Pilipinas at the end of the reporting period and is categorized within Level 2.

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

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022					
Financial assets:					
Cash and cash equivalents	5	P724,726	P-	P-	P724,726
Reinsurance balances receivable - net	6	-	-	3,374,461	3,374,461
HTM investments	9	2,971,539	-	-	2,971,539
Other investments	10	442,292	-	-	442,292
Loans and receivables	11	-	-	86,209	86,209
Reinsurance recoverable on reported losses - net	13	-	-	2,477,807	2,477,807
		P4,138,557	P-	P5,938,477	P10,077,034
Financial liabilities:					
Reinsurance balances payable	17	P-	P-	P2,097,223	P2,097,223
Accounts payable and other accrued expenses*	18	-	-	268,855	268,855
Losses and claims payable	19	-	-	5,056,541	5,056,541
		P-	P-	P7,422,619	P7,422,619

* Excluding taxes payable and defined benefit liability

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021					
Financial assets:					
Cash and cash equivalents	5	P658,187	P-	P-	P658,187
Reinsurance balances receivable - net	6	-	-	3,422,158	3,422,158
HTM investments	9	2,446,718	-	-	2,446,718
Loans and receivables	11	-	-	57,719	57,719
Reinsurance recoverable on reported losses - net		-	-	1,634,719	1,634,719
		P3,104,905	P-	P5,114,596	P8,219,501
Financial liabilities:					
Reinsurance balances payable	17	P-	P-	P1,597,074	P1,597,074
Accounts payable and other accrued expenses*	18	-	-	287,778	287,778
Losses and claims payable	19	-	-	4,034,776	4,034,776
		P-	P-	P5,919,628	P5,919,628

* Excluding taxes payable and defined benefit liability

For financial assets other than HTM investments, management considers that the carrying amount of those short-term financial instruments approximate their fair value.

33.4 Fair Value Measurement for Non-financial Assets

The Company used market comparable approach as a valuation technique in measuring the fair value of its investment properties to arrive at fair value that is more representative of the investment properties' highest and best use. As at December 31, 2022 and 2021, the fair value of the investment properties is P29.00 million and P23.30 million, respectively, classified under Level 3 of the fair value hierarchy (see Note 16). The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

33.5 Fair Value Measurement for Financial Assets Grouped Based on Nature of Cash Flows

The following table provides an overview of the fair values as at December 31, 2022 and 2021, and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

		2022			
		Financial assets that meet the SPPI criteria*		All other financial assets	
		Fair value change during the reporting period		Fair value change during the reporting period	
Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Cash and cash equivalents	5	P724,726	P-	P-	P-
AFS financial assets	8	-	-	4,807,975	(232,505)
HTM investments	9	2,971,539	(86,985)	-	-
Other investments	10	442,292	-	-	-
Loans and receivables	11	86,209	-	-	-
Funds held by ceding companies	6	294,037	-	-	-
		P4,518,803	(P86,985)	P4,807,975	(P232,505)

* Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

		2021			
		Financial assets that meet the SPPI criteria*		All other financial assets	
		Fair value change during the reporting period		Fair value change during the reporting period	
Notes	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Cash and cash equivalents	5	P658,187	P-	P-	P-
AFS financial assets	8	-	-	5,952,670	(147,335)
HTM investments	9	2,446,718	55,960	-	-
Loans and receivables	11	57,719	-	-	-
Funds held by ceding companies	6	224,901	-	-	-
		P3,387,525	P55,960	P5,952,670	(P147,335)

* Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

34. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are (a) to ensure the Company's ability to continue as a going concern; and, (b) to provide an adequate return to shareholders by complying with the capital requirements and limitation enforced by the IC and by aligning the Company's operational strategy to its corporate goals. The capital requirements and limitations are as follows:

34.1 Minimum Capitalization

Under Section 289 of the RA No. 10607 (The New Insurance Code), any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least P3,000,000,000 paid in cash of which at least 50% is paid-up capital and the remaining portion thereof is contributed surplus, which in no case shall be less than P400,000,000 or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the IC Commissioner.

The IC issued Circular Letter (CL) No. 2015-02-A dated January 13, 2015, to clarify the minimum capitalization requirements under Sections 194, 197, 200 and 289 of RA No. 10607. Under the said CL, all existing reinsurance companies authorized to transact solely reinsurance business must have a net worth of at least P2.5 billion by December 31, 2019 and shall increase to P3.0 billion by December 31, 2022. The minimum net worth of the said companies shall remain unimpaired at all times.

As at December 31, 2022 and 2021, the Company has complied with the minimum capital requirements.

34.2 Risk-Based Capital Requirements

As per IC CL No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, all insurance companies must satisfy the annual minimum statutory RBC Ratio set at 100%. RBC ratio is computed by dividing the Company's Total Available Capital (TAC) by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2, minus deductions, subject to applicable limits and determinations. Tier 1 capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis and is considered to be the highest quality capital available to the insurer. Tier 2 refers to capital not having the same high quality characteristics of Tier 1, but can provide additional buffer to the insurer. RBC requirement or the total required capital of an insurance company is the capital that is required to be held appropriately to the risks an insurance company is exposed to.

As at December 31, 2022 and 2021, the Company has complied with the risk-based capital requirements.

34.3 Limitation on Dividend Declaration

The Company's BOD is authorized to declare dividends. A cash dividend declaration does not require any further approval from the stockholders. However, a stock dividend declaration requires further approval of the stockholders holding or representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as and at such times as the BOD may determine and in accordance with law.

The Insurance Commission, under Circular Letter No. 2021-02, dated January 7, 2021, provides that all regulated entities authorized to do business in the Philippines shall meet the following regulatory measures at all times, without regulatory relief, and which shall be duly attested by the President and Treasurer of the company, before declaration and/or distribution of dividends out of the unrestricted retained earnings:

- unimpaired paid-up capital stock;
- the net worth requirements as prescribed by Circular Letter (CL) No. 2015- 02-A and Section 194 of the Amended Insurance Code;
- the solvency requirements defined by Section 200 of the Amended Insurance Code;
- in the case of life insurance companies, the legal reserve fund required by Section 217;
- in the case of corporations other than life, the legal reserve fund required by Section 219; and
- a sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

The Company is required to report such dividend declaration or distribution to the IC within 30 days from the date of such declaration.

Moreover, the SEC, through its Memorandum Circular 11 dated December 5, 2008 has set guidelines in determining the appropriate amount of Retained Earnings available for dividend distribution. This shall be based on the net profit for the year based on the audited financial statements, adjusted for unrealized items which are considered not available for dividend declaration.

These unrealized items consist of the following:

- share/equity in net income of the associate or joint venture;
- unrealized foreign currency gains, except those attributable to cash and cash equivalents;
- unrealized actuarial gains arising from the exercise of the option of recognizing actuarial gains or losses directly to the statements of comprehensive income;
- fair value adjustment arising only from marked-to-market valuation which are not yet realized;
- the amount of deferred tax asset that reduced the amount of income tax expense;
- adjustment due to deviation from PFRS/Generally Accepted Accounting Principles which results to gain; and,

- other unrealized gains or adjustments to the retained earnings.

34.4 Non-admitted Assets

Various assets, included on the enumeration of Section 203 of RA 10607, are considered non-admitted assets for the purposes of determining the Company's financial condition.

The estimated non-admitted assets as defined in the Amended Insurance Code are measured in accordance with PFRS and included in the statements of financial position.

These assets, which are subject to final determination by the IC, are as follows:

	2022	2021
Goodwill, trade names, and other like intangible assets	P4,733	P10,501
Prepaid or deferred charges for expenses and commissions paid by such insurance company	720,298	677,396
Advances to officers (other than policy loans), which are not adequately secured and which are not previously authorized by the Commissioner, as well as advances to employees, agents, and other persons on mere personal security	6,321	5,385
Furniture, furnishing, fixtures, safes, equipment, library, stationery, literature, and supplies	5,204	6,307
Other non-admitted assets as determined by IC	108,758	39,100
Total Non-admitted Assets	P845,314	P738,689

35. CURRENT AND NON-CURRENT CLASSIFICATION

The Company expects that the following asset or liability line items are expected to be recovered or settled no more than twelve months after December 31, 2022 and 2021.

	<i>Notes</i>	2022	2021
Current Assets:			
Cash and cash equivalents	<i>5</i>	P724,726	P658,187
Reinsurance balances receivable - net	<i>6</i>	3,374,461	3,422,158
HFT securities	<i>7</i>	289,520	-
AFS financial assets	<i>8</i>	4,770,033	5,918,342
HTM investments	<i>9</i>	264,222	251,084
Other investments	<i>10</i>	442,292	
Loans and receivables	<i>11</i>	81,544	55,391
Reinsurance recoverable on reported losses – net	<i>13</i>	572,746	330,156
Reinsurance recoverable on claim reserves	<i>13</i>	204,737	218,113
Deferred acquisition costs	<i>14</i>	292,244	251,022
Deferred reinsurance premiums	<i>15</i>	604,454	432,337
Other assets – net	<i>16</i>	162,466	104,948
Total Current Assets		P11,783,445	P11,641,738
Current Liabilities:			
Reinsurance balances payable	<i>17</i>	P2,097,223	P1,597,074
Forward liability	<i>7</i>	89,332	-
Accounts payable and accrued expenses	<i>18</i>	239,938	221,384
Losses and claims payable	<i>19</i>	1,495,084	1,132,434
Claims reserves	<i>19</i>	626,480	742,071
Premium reserves	<i>20</i>	1,643,915	1,493,152
Deferred reinsurance commissions	<i>21</i>	11,843	8,299
Total Current Liabilities		P6,203,815	P5,194,414

On the other hand, the Company expects that the following asset or liability items are expected to be recovered or settled more than twelve months after December 31, 2022 and 2021.

	<i>Notes</i>	2022	2021
Non-current Assets:			
AFS financial assets	8	P37,942	P34,328
HTM investments	9	2,794,302	2,139,674
Loans and receivables	11	4,665	2,328
Property and equipment – net	12	45,163	52,041
Reinsurance recoverable on reported losses – net	13	2,332,384	1,247,137
Reinsurance recoverable on claim reserves	13	718,754	693,918
Deferred acquisition costs	14	409,097	407,322
Deferred reinsurance premiums	15	1,614	2,174
Other assets – net	16	210,650	220,496
Total Non-current Assets		P6,554,571	P4,799,418
Non-current Liabilities:			
Accounts payable and accrued expenses	18	P63,094	P98,142
Losses and claims payable	19	4,222,296	3,082,402
Claims reserves	19	2,199,331	2,360,868
Premium reserves	20	48,373	40,177
Deferred reinsurance commissions	21	693	943
Total Non-current Liabilities		P6,533,787	P5,582,532

36. OTHER INFORMATION REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION

On February 20, 2019, Republic Act No. 11232, *An Act Providing for the Revised Corporation Code of the Philippines* (RCC) was signed into law and published in the Official Gazette on February 21, 2019. The RCC took effect on March 8, 2019. The significant provision, among others, of the RCC that would have financial reporting impact on the Company, is the removal of the maximum 50-year corporate term for stock corporations. The RCC states that corporations shall now have perpetual existence unless their articles of incorporation provide otherwise. Further, it clarifies that even corporations with certificates of incorporation issued prior to the effectivity of the RCC, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing majority of its outstanding capital stock, notifies SEC that it elects to retain its specific corporate term pursuant to its articles of incorporation. Provided, that any change in the corporate term is without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of the RCC. The Company intends to amend Article IV of the Articles of Incorporation in order to indicate that the Company shall have a perpetual existence, consistent with the RCC. The new provisions of the RCC or any amendments thereof have no significant impact to the Company's financial statements.

37. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below and in the succeeding pages are the supplementary information which is required by the BIR under its existing Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRSs.

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR No. 15-2010 are presented below and in the succeeding page.

(a) Output VAT

In 2022, the Company declared output VAT amounting to P5,015,968, which is set off against input VAT, based on the following gross receipts:

	Tax Base	Output VAT
Exempt receipts	P3,687,955,896	P-
Commission earned on retrocession	3,022,653	362,718
Interest income on loans	410,088	49,211
	P3,691,388,637	P411,929

Pursuant to RR No. 04-07 effective April 6, 2007, “Non-life insurance premiums are subject to VAT whereas non-life reinsurance premiums are not subject to VAT, the latter being already subject to VAT upon receipt of the insurance premiums.”

The tax bases of commission earned on retrocession are included as net of Underwriting deductions account in the 2022 statements of income. The tax bases for commission are based on the Company’s gross receipts for the year, hence, may not be the same with the amounts accrued in the 2022 statements of income.

As at December 31, 2022, the Company also has deferred output VAT amounting to P27,441,406 pertaining to uncollected commission income from retrocessionaires (see Note 18).

(b) Input VAT

The movements of input VAT in 2022 are summarized below.

Balance at beginning of year	P149,875,571
Services lodged under other accounts	5,192,120
Goods other than for resale or manufacture	881,650
Amortization of input VAT	177,980
Applied against output VAT	(411,929)
Input VAT on exempt sales	(6,245,042)
Balance at end of year	P149,470,350

The balance of input VAT as at December 31, 2022 is recorded under Other assets – net account in the statements of financial position (see Note 16).

As at December 31, 2022, the Company also has deferred input VAT amounting to P292,009 pertaining to VAT on capital assets, and deferred withholding VAT amounting to P9,202,886 representing VAT on unapplied input VAT on unpaid premiums on ceded out transactions to the Company from a certain government entity.

(c) *Taxes on Importation*

The Company does not have any customs duties or tariff fees in 2022 since it does not have any importation.

(d) *Excise Tax*

The Company does not have excise tax in 2022 since it does not have any transactions which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

Total DST accrued and paid in 2022 amounted to P30,900 which pertains to car loan transactions of the Company. The Company is also liable to DST when it issues original shares of stocks or transfer certificate of stock. The Company did not issue original shares of stocks nor transfer certificate of stocks for the year ended December 31, 2022. Reinsurance contracts are not subject to DST.

(f) *Taxes and Licenses*

The details of taxes and licenses for 2022, which are presented under General and administrative expenses account in the statements of income are as follows:

Municipal licenses and permits	P23,048,429
Deficiency tax assessment	4,402,314
Fringe benefit tax	2,518,031
Real estate taxes	414,569
Registration	237,350
DST	30,900
Miscellaneous	532,166
	<hr/>
	P31,183,759

(g) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2022 are shown below.

Compensation and benefits	P36,550,068
Expanded	13,744,974
Final	187,592
	<hr/>
	P50,482,634

(b) Deficiency Tax Assessments and Tax Cases

On September 14, 2016, the Company received the FDDA for the 2012 VAT assessment dated September 13, 2016 from the BIR. The Company filed a request for reconsideration with the Office of the Commissioner of the Internal Revenue on October 14, 2016. As of date, the request is still pending resolution.

On December 29, 2021, the Company received the FDDA for VAT deficiency in the amount of P53.1 million for the taxable year 2016, inclusive of interest amounting to P20.6 million, signed by the Commissioner of Internal Revenue. The Company continues to dispute the assessment and has filed a Petition for review dated February 2, 2022 with the Court of Tax Appeals (CTA).

While the Petition has yet to be heard by the CTA, the BIR on March 11, 2022, served to the Company a Warrant of Distraint and/or Levy (WDL), authorizing the BIR to collect the disputed 2016 VAT deficiency. Subsequently, on March 17, 2022 the BIR served the Warrant of Garnishment to a local bank where the Company maintains an account sufficient to cover the amount specified in the WDL and on the Warrant of Garnishment. On 20 April 2022, BIR collected the amount of the assessment from the garnished bank account.

The Company filed on March 14, 2022 an Urgent Motion to Lift the Warrant of Distraint and/or Levy, and Suspend Tax Collection. On 25 July 2022 the Court in a resolved to deny the said motion. On 17 August 2022, the Company has filed a motion for reconsideration of the said denial. As at December 31, 2022, the CTA has not ruled on the motion.

On September 11, 2020 and September 28, 2021, the Company received Letters of Authority (LOA) from the BIR to examine the Company's books of accounts and other accounting records for all internal revenue taxes for the taxable years 2017 and 2018, respectively.

On December 6, 2022, the BIR issued the Formal Letter of Demand for 2017 VAT assessment, proposing to assess tax deficiencies in the aggregate amount of P52.73 million, inclusive of P19.68 million interest and compromise penalties, as at December 31, 2022. On January 3, 2023, the Company filed a protest letter for the assessment in the FLD. On January 30, 2023, the request for reconsideration was granted.

On March 27, 2023, the Company settled the Expanded Withholding Tax (EWT) deficiency in the amount of P0.36 million for the taxable year 2018.

On March 31, 2023, the Company received the FLD for other internal revenue taxes in the amount of P41.14 million for the taxable year 2018, inclusive of interest and compromise penalties. As of date, the Company is addressing the matters raised in the FLD.



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REPORT OF INDEPENDENT AUDITORS ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
National Reinsurance Corporation of the Philippines
31st Floor BPI-Philam Life Makati
6811 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of National Reinsurance Corporation of the Philippines (the Company) as at and for the year ended December 31, 2022 and 2021, included in this Form 17-A, on which we have rendered our report thereon dated April 26, 2023.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The above schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not a required part of the Company's basic financial statements. The components of these financial soundness indicators have been traced to the Company's basic financial statements as at and for the year ended December 31, 2022 and no material exceptions were noted.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

SEC Accreditation No. 92183-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements

Tax Identification No. 162-411-175

BIR Accreditation No. 08-001987-034-2020

Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 9563831

Issued January 3, 2023 at Makati City

April 26, 2023

Makati City, Metro Manila

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021
(Amounts in thousands)

Ratio	Formula	2022	Formula	2021
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets 11,783,445 Divide by: Total Current Liabilities <u>6,203,815</u> Current ratio 1.90	1.90	Total Current Assets divided by Total Current Liabilities Total Current Assets 11,641,738 Divide by: Total Current Liabilities <u>5,194,414</u> Current ratio 2.24	2.24
Acid test ratio	Quick assets (Cash and cash equivalents + Reinsurance balances receivable – net + Loans and receivables) divided by Total Current Liabilities Cash and cash equivalents 724,726 Reinsurance balances receivable – net 3,374,461 Loans and receivables <u>81,544</u> Quick Assets 4,180,731 Divide by: Total Current Liabilities <u>6,203,815</u> Acid test ratio 0.67	0.67	Quick assets (Cash and cash equivalents + Reinsurance balances receivable – net + Loans and receivables) divided by Total Current Liabilities Cash and cash equivalents 658,187 Reinsurance balances receivable – net 3,422,158 Loans and receivables <u>55,391</u> Quick Assets 4,135,736 Divide by: Total Current Liabilities <u>5,194,414</u> Acid test ratio 0.80	0.80
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 18,338,016 Divide by: Total Liabilities <u>12,737,602</u> Solvency ratio 1.44	1.44	Total Assets divided by Total Liabilities Total Assets 16,441,156 Divide by: Total Liabilities <u>10,776,946</u> Solvency ratio 1.53	1.53
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities 12,737,602 Divide by: Total Equity <u>5,600,414</u> Debt-to-equity ratio 2.27	2.27	Total Liabilities divided by Total Equity Total Liabilities 10,776,946 Divide by: Total Equity <u>5,664,210</u> Debt-to-equity ratio 1.90	1.90
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets 18,338,016 Divide by: Total Equity <u>5,600,414</u> Assets-to-equity ratio 3.27	3.27	Total Assets divided by Total Equity Total Assets 16,441,156 Divide by: Total Equity <u>5,664,210</u> Assets-to-equity ratio 2.90	2.90
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 121,317 Divide by: Interest expense <u>75</u> Interest rate coverage ratio 1,617.56	1,617.56	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT 191,448 Divide by: Interest expense <u>133</u> Interest rate coverage ratio 1,439.46	1,439.46
Return on equity	Net Profit divided by Total Equity Net Profit 55,701 Divide by: Total Equity <u>5,600,414</u> Return on equity 0.01	0.01	Net Profit divided by Total Equity Net Profit 141,699 Divide by: Total Equity <u>5,664,210</u> Return on equity 0.03	0.03
Return on assets	Net Profit divided by Total Assets Net Profit 55,701 Divide by: Total Assets <u>18,338,016</u> Return on assets 0.00	0.00	Net Profit divided by Total Assets Net Profit 141,699 Divide by: Total Assets <u>16,441,156</u> Return on assets 0.01	0.01
Net profit margin	Net Profit: divided by Total Revenue* Net Profit 55,701 Divide by: Total Revenue* <u>2,999,752</u> Net profit margin 0.02	0.02	Net Profit divided by Total Revenue* Net Profit 141,699 Divide by: Total Revenue* <u>2,870,978</u> Net profit margin 0.05	0.05

**Composed of Reinsurance premiums – net of returns, Retroceded premiums and Movement in premium reserves - net*



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

The Board of Directors and Stockholders
National Reinsurance Corporation of the Philippines
31st Floor BPI-Philam Life Makati
6811 Ayala Avenue, Makati City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of National Reinsurance Corporation of the Philippines (the Company) as at and for the year ended December 31, 2022, included in this Form 17-A, on which we have rendered our report thereon dated April 26, 2023.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Company taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Company's management.

1. Supplementary Schedules of Annex 68-J
2. Reconciliation of Retained Earnings Available for Dividend Declaration

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until November 21, 2023
SEC Accreditation No. 0003-SEC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by SEC Accreditation No. 0004-FR-5)
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024
financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)



The above supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not required part of the Company's basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

TIRESO RANDY F. LAPIDEZ

Partner

CPA License No. 0092183

IC Accreditation No. 92183-IC, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements

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Tax Identification No. 162-411-175

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Issued July 20, 2020; valid until July 19, 2023

PTR No. MKT 9563831

Issued January 3, 2023 at Makati City

April 26, 2023

Makati City, Metro Manila

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

List of Supplementary Information

December 31, 2022

Statement of Management's Responsibility for the Financial Statements

**Independent Auditor's Report on the SEC Supplementary Schedules
Filed Separately from the Basic Financial Statements**

**Supplementary Schedules to Financial Statements
(Form 17-A, item 7)**

Schedule	No. of Pages
A Financial Assets	4
B Amounts Receivable from Directors, Officers, Employees, Related Parties & Principal stockholders other than related parties	1
C Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements	N/A
D Long-term Debt	N/A
E Indebtedness to related parties (Long-term loans from related companies)	N/A
F Guarantees of securities of other Issuers	N/A
G Capital Stock	4

**Supplementary Schedule to Financial Statements
(SEC Circular 11)**

Reconciliation of Retained Earnings for Dividend Declaration	1
Map of Conglomerate	N/A

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
SCHEDULE A. Financial Assets
December 31, 2022

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes (ii)	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting	Income received and accrued
----------------------------------------------------------	--------------------------------------------------------------	----------------------------------------	------------------------------------------------------	-----------------------------

I. LOANS AND RECEIVABLES

Cash and Cash Equivalents				
Cash on hand and in banks		86,866,234	86,866,234	246,793
Short-term placements		637,859,572	637,859,572	10,999,029
Total Cash and Cash Equivalents		724,725,806	724,725,806	11,245,822
Other Receivables				
Accrued interest receivable		58,290,293	58,290,293	
Dividends receivable		2,666,703	2,666,703	
Other accounts receivable		25,252,442	25,252,442	411,611
Other Investments		442,292,037	442,292,037	3,256,764
TOTAL LOANS AND RECEIVABLES		1,253,227,281	1,253,227,281	14,914,197

II. AVAILABLE FOR SALE SECURITIES

INVESTMENT IN EQUITY SECURITIES:

Aboitiz Equity Ventures - Common	233,920	13,497,184	13,497,184	413,764
Aboitiz Power Corporation	322,700	10,987,935	10,987,935	606,970
Asian Reinsurance Corporation	980	37,942,294	37,942,294	-
Ayala Corp Preferred Shares Class B2	79,830	37,520,100	37,520,100	1,924,462
Ayala Corp.-Preferred Shares Class B	100,000	47,800,000	47,800,000	2,625,000
Ayala Corporation	56,670	39,385,650	39,385,650	479,255
Ayala Land, Inc.	1,479,210	45,559,668	45,559,668	577,816
Banco De Oro	397,158	41,979,601	41,979,601	1,046,163
Bank of the Philippine Islands	435,280	44,398,560	44,398,560	1,144,143
Benguet Consolidated	18	62	62	-
Brightnote Assets Corp	220,000	220,000	220,000	-
Calatagan Golf Club, Inc.	1	350,000	350,000	-
Cirtek Hldgs CorpUSD Preferred Shares B2	250,000	13,328,500	13,328,500	834,011
Double Dragon Prop Corp Preferred Shares	500,000	49,000,000	49,000,000	3,238,900
Filinvest REIT, Corporation	500,100	2,750,550	2,750,550	208,297
Globe Telecom	4,434	9,666,120	9,666,120	486,420
GT Capital Holdings, Inc.	2,700	1,174,500	1,174,500	68,166
GTCAP Preferred Shares Series A	37,120	35,264,000	35,264,000	1,718,619
Intl. Container Terminal Services	154,870	30,974,000	30,974,000	1,384,560
J.G. Summit Holdings Inc.	379,158	19,071,647	19,071,647	268,779
Jollibee Foods Corp.	56,230	12,932,900	12,932,900	201,022
Makati Sports Club "A"	1	800,000	800,000	-
Megaworld Corporation	2,725,000	5,450,000	5,450,000	197,724
Meralco	36,390	10,873,332	10,873,332	913,889
Metro Pacific Investments Corporation	2,975,000	10,174,500	10,174,500	630,584
Metropolitan Bank and Trust Company	334,390	18,057,060	18,057,060	1,510,010
MREIT, Inc.	501,600	7,263,168	7,263,168	562,278
Orchard Golf Club - C	1	1,500,000	1,500,000	-
Petron Preferred Shares Series 3B	50,000	51,500,000	51,500,000	3,569,150
Phil Hoteliers Inc	750	96,972	96,972	-
Philippine Long Distance Telephone Co.	13,770	18,135,090	18,135,090	2,232,000
Philippine Nuclear Ins	600	30,000	30,000	-
Pure Gold Price Club, Inc.	99,300	3,465,570	3,465,570	269,735
RL Commercial REIT, Inc.	159,200	931,320	931,320	226,590
Robinsons Land Corporation	482,800	7,222,688	7,222,688	511,600
Roxas Land Corp - Common	2,628	2,628	2,628	-
Roxas Land Corp Pref C-1	74,044	3,298,187	3,298,187	-
Roxas Land Corp Preferred C	46,653	2,078,082	2,078,082	-
Shell Co Phils	660	1,905,974	1,905,974	-
SM Investments Corp.	84,290	75,861,000	75,861,000	947,688
SM Prime Holdings Inc.	1,769,090	62,802,695	62,802,695	260,561
Sold/Disposed				3,931,039
SUBTOTAL-INVESTMENT IN EQUITY SECURITIES	14,566,546	775,251,537	775,251,537	32,989,195

INVESTMENT IN DEBT SECURITIES:

A. NRCP-MANAGED

Fixed Rate Treasury Bonds

PIBD0523C752	170,000,000	170,161,769	170,161,769	12,227,134
PIBD0524J762	20,000,000	19,572,399	19,572,399	707,448
PIBD0526D772	290,000,000	270,717,922	270,717,922	9,491,316

PIBD0728D649	100,000,000	89,994,940	89,994,940	3,591,143
PIBD0728H654	100,000,000	89,309,756	89,309,756	3,147,708
PIBD0729E673	50,000,000	49,436,517	49,436,517	1,742,133
PIBD1029A644	90,000,000	91,778,037	91,778,037	1,761,956
PIBD1032F689	120,000,000	122,466,214	122,466,214	2,580,617
PIBD1032J701	5,000,000	5,162,107	5,162,107	2,039
PIID0524C115	300,000,000	290,312,078	290,312,078	7,846,480
PIID0524C129	100,000,000	100,245,544	100,245,544	6,293,010
PIID0525H130	50,000,000	46,651,453	46,651,453	1,399,801
PIID0527C159	50,000,000	47,755,142	47,755,142	1,988,860
PIID0527L140	50,000,000	47,235,303	47,235,303	2,312,500
Matured/Sold				11,143,095
Subtotal-Peso Bonds	1,495,000,000	1,440,799,181	1,440,799,181	66,235,240

Treasury Bills

Matured/Sold				1,300,279
Subtotal-Peso Bonds				1,300,279

Government Bonds - USD

RODB0526J014	14,030,000	12,382,176	12,382,176	187,367
US718286BN61	112,240,000	115,316,498	115,316,498	1,041,180
US718286BY27	36,478,000	36,138,755	36,138,755	1,376,944
US718286CC97	28,060,000	26,197,377	26,197,377	241,959
US718286CV78	28,060,000	28,763,184	28,763,184	273,033
	218,868,000	218,797,990	218,797,990	3,120,483

Corporate Bonds - USD

XS0972298300	28,060,000	27,702,235	27,702,235	277,107
XS1673684509	11,224,000	11,125,116	11,125,116	323,173
XS2407048623	28,060,000	21,799,814	21,799,814	929,874
	67,344,000	60,627,165	60,627,165	1,530,154
Subtotal-Dollar Bonds	286,212,000	279,425,155	279,425,155	4,650,637

TOTAL NRCP-MANAGED

	1,781,212,000	1,720,224,336	1,720,224,336	72,186,156
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B. BPI-MANAGED

Fixed Rate Treasury Bonds

PIBD0526D772	184,800,000	172,512,662	172,512,662	5,534,812
PIBD0723D588	20,000,000	19,935,009	19,935,009	4,640,726
PIBD0724D595	39,290,000	38,779,068	38,779,068	1,726,589
PIBD0726B627	67,800,000	67,656,273	67,656,273	3,486,738
PIBD0729E673	20,000,000	19,774,607	19,774,607	360,840
PIBD1025I608	109,464,475	104,266,538	104,266,538	3,935,216
PIBD1027E617	5,000,000	4,729,907	4,729,907	173,091
PIBD1029A644	21,000,000	21,414,875	21,414,875	582,835
PIBD2027I140	210,000,000	225,286,208	225,286,208	1,063,531
PIID0524C129	708,600,000	710,339,924	710,339,924	22,349,449
PIID0525H130	56,700,000	52,902,748	52,902,748	1,439,920
PIID0527C159	75,000,000	71,632,714	71,632,714	3,016,406
PIID0528I160	392,000,000	381,358,957	381,358,957	7,137,667
Matured/Sold				6,426,004
Subtotal-Peso Bonds	1,909,654,475	1,890,589,490	1,890,589,490	61,873,824

Treasury Bills

Matured/Sold	-	-	-	118,576
Subtotal-Peso Bills	-	-	-	118,576

TOTAL BPI-MANAGED

	1,909,654,475	1,890,589,490	1,890,589,490	61,992,400
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C. RCBC-MANAGED

Fixed Rate Treasury Bonds

PIBD0526D772	20,000,000	18,670,202	18,670,202	683,389
PIBD0723D588	22,000,000	21,928,510	21,928,510	695,379
PIBD0724D595	7,000,000	6,908,971	6,908,971	343,736
PIBD0726B627	55,000,000	54,883,407	54,883,407	1,917,634
PIBD0728D649	10,000,000	8,999,494	8,999,494	364,178
PIBD0728H654	30,000,000	26,792,927	26,792,927	1,134,137
PIBD1027E617	40,000,000	37,839,259	37,839,259	1,413,460
PIBD1029A644	25,000,000	25,493,899	25,493,899	740,845
PIBD2027I140	50,000,000	53,639,573	53,639,573	211,157
PIID0323B101	21,000,000	21,005,797	21,005,797	710,379
PIID0324C115	10,000,000	9,677,069	9,677,069	237,500
PIID0524C129	30,000,000	30,073,663	30,073,663	1,553,030
PIID0527C159	35,000,000	33,428,600	33,428,600	892,093
PIID0527L140	30,000,000	28,341,182	28,341,182	1,387,500
PIID0528I160	20,000,000	19,457,090	19,457,090	246,380
PIID1023H046	25,000,000	24,770,059	24,770,059	812,500
Matured/Sold				1,513,496
Subtotal-Peso Bonds	430,000,000	421,909,702	421,909,702	14,856,793

Treasury Bills				411,573
Matured/Sold				411,573
Subtotal-Peso Bills				411,573
TOTAL RCBC-MANAGED	430,000,000	421,909,702	421,909,702	15,268,366
SUBTOTAL-INVESTMENT IN DEBT SECURITIES	4,120,866,475	4,032,723,528	4,032,723,528	149,446,922

TOTAL AVAILABLE FOR SALE SECURITIES	4,135,433,021	4,807,975,065	4,807,975,065	182,436,117
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I HELD-TO-MATURITY INVESTMENTS

Corporate Bonds

ACFXBOND2023	25,000,000	24,803,326	24,709,125	980,000
ACFXBOND2025	54,590,000	54,798,797	52,799,776	2,251,233
AEV2FXBD2025	13,200,000	13,200,000	11,907,720	435,297
AEVFXBND2027	54,920,000	56,321,924	51,270,072	2,283,322
ALIF2FXBD2026	125,000,000	129,795,783	123,582,000	6,621,162
ALIF3FXBD2025	100,000,000	100,869,158	91,651,693	3,561,539
ALIF4FXBD2026	25,000,000	25,363,198	23,642,325	1,107,567
ALIF5FXBD2027	50,000,000	52,525,863	46,796,950	2,092,880
ALIF6FXBD2028	110,000,000	110,091,888	109,884,720	6,235,299
ALIF7FXBD2031	50,000,000	50,000,000	44,176,850	2,038,800
APC2FXBD2025	10,460,000	10,460,000	9,509,259	418,316
APC2FXBD2026	200,000,000	205,927,761	206,774,000	9,095,189
APC2FXBD2027	5,000,000	5,000,000	5,095,887	209,316
AREITFXB2023	10,000,000	10,000,000	9,765,850	304,450
CNVRGFBD2027	10,000,000	10,000,000	9,619,759	408,687
DBPSDNES2024	100,000,000	100,000,000	93,314,500	2,666,250
DNLF3FXBD2024	25,000,000	24,879,607	23,810,700	765,315
DNLF4FXBD2026	17,200,000	17,200,000	15,437,946	618,546
EDCF3FXBD2026	12,090,000	12,090,000	10,717,120	451,018
FDCF3FXBD2024	75,330,000	76,331,601	74,829,131	3,449,914
FLIF2FXBD2027	2,500,000	2,500,000	2,397,670	83,746
FLIF3FXBD2025	75,000,000	77,258,186	72,479,325	3,248,363
FLIF4FXBD2027	19,500,000	19,500,000	17,400,026	1,025,291
PCORFXBD2024	50,000,000	50,000,000	51,274,980	3,909,150
RCBF3FXBD2023	50,000,000	50,000,000	50,164,600	1,600,000
RLCF3FXBD2023	50,000,000	50,266,840	50,247,399	1,360,617
SMCF3FXBD2024	67,000,000	67,000,000	65,180,213	3,540,280
SMPH2FXBD2023	48,560,000	48,560,000	48,476,712	1,192,876
SMPH2FXBD2024	159,199,000	161,315,167	155,830,387	6,092,134
SMPH3FXBD2025	100,000,000	101,223,341	94,858,000	3,378,314
SMPH4FXBD2023	30,500,000	30,500,000	30,475,509	1,727,215
SMPH5FXBD2025	17,800,000	17,760,522	16,536,965	515,083
SMPH6FXBD2026	75,000,000	72,396,084	66,983,850	3,800,700
SMPH7FXBD2028	25,000,000	25,000,000	22,190,950	1,274,850
UBPTIER22030	50,000,000	50,000,000	46,912,404	2,625,000
Matured/Sold				6,161,459
	1,892,849,000	1,912,939,046	1,830,704,373	87,529,178

Government Bonds

PIBD0729E673	50,000,000	49,569,141	49,436,517	1,789,505
PIBD1025I608	562,500,000	523,675,975	535,789,601	20,390,625
PIBD1029A644	50,000,000	50,715,168	50,987,798	1,492,807
PIBD1032A675	50,000,000	44,391,781	44,470,305	1,729,745
PIBD1032F689	253,470,000	263,076,884	258,679,261	7,384,432
PIBD1032I695	28,230,000	28,230,000	28,164,600	561,071
PIBD2027I140	50,000,000	53,659,685	53,639,573	22,064
PIBD2031G171	62,500,000	74,470,955	66,604,397	3,833,181
PIBD2535L086	50,000,000	57,795,251	53,062,927	1,497,207
	1,156,700,000	1,145,584,840	1,140,834,979	38,700,637

TOTAL HELD-TO-MATURITY INVESTMENTS	3,049,549,000	3,058,523,886	2,971,539,352	126,229,815
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V. HELD FOR TRADING SECURITIES**INVESTMENT IN EQUITY SECURITIES:**

Aboitiz Power Corporation	41,700	1,419,885	1,419,885	43,065
AREIT, Inc.	13,000	460,200	460,200	13,992
Ayala Corporation	14,320	9,952,400	9,952,400	132,113
Ayala Land, Inc.	56,500	1,740,200	1,740,200	44,301
Banco De Oro	15,684	1,657,799	1,657,799	265,071
Bank of the Philippine Islands	17,350	1,769,700	1,769,700	66,547
Cebu Air, Inc.	3,900	149,370	149,370	-
Converge ICT Solutions Inc	18,400	292,192	292,192	-
Filinvest REIT, Corporation	35,000	192,500	192,500	14,140
First Gen Corporation	3,300	55,902	55,902	2,541
Globe Telecom	1,045	2,278,100	2,278,100	471,355
GT Capital Holdings, Inc.	30,000	13,050,000	13,050,000	-
Int'l. Container Terminal Services	7,130	1,426,000	1,426,000	93,900
J.G. Summit Holdings Inc.	19,960	1,003,988	1,003,988	1,432
Jollibee Foods Corp.	5,070	1,166,100	1,166,100	4,901
Megaworld Corporation	1,800,000	3,600,000	3,600,000	165,948
Meralco	7,530	2,249,964	2,249,964	6,793
Metropolitan Bank and Trust Company	357,050	19,280,700	19,280,700	905,072
Monde Nissin Corporation	1,754,800	19,443,184	19,443,184	-
MREIT, Inc.	117,334	1,698,996	1,698,996	387,077
Philippine Long Distance Telephone Co.	1,895	2,495,715	2,495,715	151,890
Pure Gold Price Club, Inc.	164,970	5,757,453	5,757,453	-
Robinsons Land Corporation	7,400	110,704	110,704	33,850
Robinsons Retail Holdings, Inc.	16,680	898,218	898,218	71,900
Security Bank Corporation	5,820	506,340	506,340	19,200
Semirara Mining	7,300	251,850	251,850	-
SM Investments Corp.	3,370	3,033,000	3,033,000	86,313
SM Prime Holdings Inc.	75,500	2,680,250	2,680,250	-
Wilcon Depot Inc	500	14,750	14,750	-
Sold/Disposed				574,258
	<u>4,602,508</u>	<u>98,635,460</u>	<u>98,635,460</u>	<u>3,555,659</u>

UNIT INVESTMENT TRUST FUND:**BPI-MANAGED**

BPI Investment Short Term Fund	95,933	15,195,787	15,195,787	
BPI Invest US Dollar Short Term Fund	4,843	85,431,112	85,431,112	
	<u>100,776</u>	<u>100,626,899</u>	<u>100,626,899</u>	<u>-</u>

FORWARD ASSET

	<u>90,257,796</u>	<u>90,257,796</u>	<u>-</u>
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TOTAL HELD-FOR-TRADING SECURITIES

	<u>4,703,284</u>	<u>289,520,155</u>	<u>289,520,155</u>	<u>3,555,659</u>
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GRAND TOTAL FINANCIAL ASSETS

	<u>9,409,246,387</u>	<u>9,322,261,853</u>	<u>327,135,788</u>
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NATIONAL REINSURANCE CORPORATION OF THE PHILS.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders' (Other than Related Parties)
December 31, 2022

Name of employee	Designation	Date of Availment	Bal. at beg. of period	Additions	Deductions		Ending Balance		Balance at end of period
					Amounts collected	Amounts Written off	Current	Non-Current	
A. Emergency Loans									
1 ANNE MARIZ ANGELES ¹	Rank & File	06/18/2021	15,449	-	15,449	-	-	-	-
2 BETHZAYDA G CRUZ	Rank & File	03/17/2021	1,323	-	1,323	-	-	-	-
3 BETHZAYDA G CRUZ	Rank & File	04/19/2022	-	30,000	19,599	-	10,402	-	10,402
4 CAMILLE C AGUIÑO ¹	Rank & File	09/14/2021	22,833	-	22,833	-	-	-	-
5 DARIUS M DE GUZMAN	Manager	11/15/2021	55,270	-	55,270	-	-	-	-
6 IRENE G LOZADA	Manager	06/08/2021	23,661	-	23,661	-	-	-	-
7 IRENE G LOZADA	Manager	08/17/2022	-	60,000	19,208	-	40,792	-	40,792
8 IVY E MAGTALAS	Senior Manager	12/06/2021	57,641	-	57,641	-	-	-	-
9 IVY E MAGTALAS	Senior Manager	12/14/2022	-	60,000	-	-	60,000	-	60,000
10 JACKILYN M MELLENDEZ	Rank & File	11/26/2021	28,814	-	28,814	-	-	-	-
11 JACKILYN M MELLENDEZ	Rank & File	12/14/2022	-	30,000	-	-	30,000	-	30,000
12 JANNETH ROLDAN	Rank & File	03/21/2022	-	30,000	22,160	-	7,840	-	7,840
13 JOCELYN A CASTILLO	Rank & File	01/05/2021	7,840	-	7,840	-	-	-	-
14 JOCELYN A CASTILLO	Rank & File	09/15/2021	22,833	-	22,833	-	-	-	-
15 JOCELYN A CASTILLO	Rank & File	09/09/2022	-	30,000	8,382	-	21,618	-	21,618
16 LILYBETH R AVILA	Rank & File	05/18/2021	12,938	-	12,938	-	-	-	-
17 LILYBETH R AVILA	Rank & File	03/21/2022	-	30,000	22,160	-	7,840	-	7,840
18 MARIA CARMEN C ORTIZ	Manager	12/06/2021	57,641	-	57,641	-	-	-	-
19 RAUL G TUMANGDAY	Senior Manager	07/27/2021	38,337	-	38,337	-	-	-	-
20 RAUL G TUMANGDAY	Senior Manager	07/22/2022	-	60,000	21,484	-	38,516	-	38,516
21 RUBYLEN T VILLAMER	Rank & File	09/20/2021	22,833	-	22,833	-	-	-	-
22 SEAN B TABIOLA	Rank & File	05/26/2021	14,196	-	14,196	-	-	-	-
23 SEAN B TABIOLA	Rank & File	09/09/2022	-	30,000	8,382	-	21,618	-	21,618
Resigned employees			381,609	360,000	502,984	-	238,625	-	238,625
B. Car Facility Loan									
1 ANELISA TRINIDAD M MERIDA	Asst. Vice President	04/07/2022	-	600,000	62,568	-	106,837	430,595	537,432
2 APRIL ROSE R AGSAWAY	Manager	06/27/2018	144,029	-	94,090	-	49,939	-	49,939
3 ARLENE GAY SANTOS	Senior Assistant Vice President	09/23/2021	565,003	-	100,757	-	33,014	431,232	464,246
4 BLESILDA S BESABE ¹	Senior Assistant Vice President	12/18/2020	498,365	-	498,365	-	-	-	-
5 CINDERELLA M. GERNAN	Vice President	10/25/2022	-	440,000	8,994	-	75,280	355,726	431,006
6 DAISY C SALONGA	Vice President	02/20/2017	19,895	-	19,895	-	-	-	-
7 DAISY C SALONGA	Vice President	10/21/2022	-	440,000	5,986	-	75,030	358,984	434,014
8 DAVID MOTLEY	Asst. Vice President	05/12/2022	-	600,000	54,044	-	106,128	439,828	545,956
9 EDELITA P SUYO ¹	Manager	10/13/2017	78,162	-	78,162	-	-	-	-
10 ENRICO U. CAMINCE	Manager	02/09/2021	358,062	-	76,294	-	82,638	199,130	281,768
11 FRANCIS ALBERT J ALVAREZ	Senior Manager	12/28/2018	215,233	-	103,321	-	111,912	-	111,912
12 FRANCIS ANDRES B LAGMAN	Manager	06/27/2022	-	480,000	36,461	-	84,340	359,199	443,539
13 HONORATA S LUCOS	Asst. Vice President	06/21/2017	71,341	-	71,341	-	-	-	-
14 IVY MAGTALAS	Manager	08/23/2022	-	480,000	19,722	-	-	460,278	460,278
15 LILIE G REDOR	Asst. Vice President	04/06/2022	-	600,000	62,568	-	106,837	430,595	537,432
16 MARIA CARMEN C ORTIZ	Manager	11/13/2018	177,419	-	91,313	-	86,106	-	86,106
17 MARILYN T DELA PAZ	Manager	12/18/2020	348,855	-	77,060	-	83,467	188,329	271,796
18 MARITES B BALAJADIA	Senior Manager	11/28/2017	102,924	-	102,924	-	-	-	-
19 MARK QUINTIN G NUNEZ ¹	Asst. Vice President	07/31/2019	354,480	-	354,480	-	-	-	-
20 NATALIE S MAGALONA	Manager	09/18/2017	74,170	-	74,170	-	-	-	-
21 RAUL TUMANGDAY	Senior Manager	06/29/2021	443,539	-	84,340	-	91,352	267,847	359,199
22 REGINA LOURDES D PAPA	Senior Assistant Vice President	10/21/2022	591,837	-	102,314	-	34,973	454,551	489,523
23 REGINA S RAMOS ¹	Vice President	01/31/2017	8,865	-	8,865	-	-	-	-
24 ROJANE MENDOZA	Manager	02/28/2022	-	420,000	55,851	-	75,788	288,361	364,149
25 RUSSELL B AGUSTIN ¹	Manager	09/17/2018	181,068	-	181,068	-	-	-	-
26 SHERWIN T PARUNGAO	Senior Manager	08/30/2018	181,706	-	106,109	-	75,597	-	75,597
27 VICTOR DEL ROSARIO TANJUAKIO ¹	First Vice President	12/11/2019	322,541	-	322,540	-	-	-	-
28 VON EDWARD EBRON	Asst. Vice President	12/20/2018	265,813	-	127,602	-	138,211	-	138,211
Resigned and retired employees			5,003,308	4,060,000	2,981,204	-	1,417,448	4,664,655	6,082,104
C. Receivables from Employee (HMO & Car Insurance)									
1 ALLAN R SANTOS	President/ CEO		8,116	-	-	-	8,116	-	8,116
2 AMILLET GUTIERREZ	Rank & File		-	30,483	5,716	-	24,768	-	24,768
3 ANELISA TRINIDAD M MERIDA	Asst. Vice President		27,042	30,247	18,936	-	38,353	-	38,353
4 ANNE MARIZ ANGELES ¹	Rank & File		14,989	-	2,141	-	12,847	-	12,847
5 APRIL ROSE R AGSAWAY	Manager		93,838	10,860	12,542	-	92,156	-	92,156
6 ARLENE GAY SANTOS	Senior Assistant Vice President		13,421	14,712	21,110	-	7,023	-	7,023
7 BLESILDA S BESABE ¹	Senior Assistant Vice President		-	-	58,437	-	58,437	-	58,437
8 CARMEL F TORRALBA	Rank & File		23,393	-	-	-	23,393	-	23,393
9 CHERRY LOU R LORENZO	Senior Assistant Vice President		62,266	37,860	39,719	-	60,406	-	60,406
10 CINDERELLA M. GERNAN	Vice President		-	68,865	27,017	-	41,849	-	41,849
11 DAISY C SALONGA	Vice President		5,817	19,971	6,155	-	19,632	-	19,632
12 DARIUS M DE GUZMAN	Manager		51,292	62,100	64,374	-	49,019	-	49,019
13 DAVID MOTLEY	Asst. Vice President		-	17,161	9,295	-	7,865	-	7,865
14 DIANNE MONIQUE G GARCIA ¹	Rank & File		14,989	-	11,777	-	3,212	-	3,212
15 EDELITA P SUYO ¹	Manager		10,901	-	10,901	-	-	-	-
16 ENRICO U CAMINCE	Manager		28,607	37,842	35,317	-	31,131	-	31,131
17 EVELYN N BUENO	Manager		82,879	23,885	26,009	-	80,755	-	80,755
18 FRANCIS ALBERT J ALVAREZ	Senior Manager		628	7,163	7,553	-	239	-	239
19 FRANCISCO ANDRES B. LAGMAN	Manager		-	20,606	9,445	-	11,162	-	11,162
20 IRENE G LOZADA	Manager		20,868	33,255	34,472	-	19,650	-	19,650
21 IVY E MAGTALAS	Senior Manager		(0)	15,240	4,445	-	10,794	-	10,794
22 JACKILYN M MELLENDEZ	Rank & File		14,989	23,885	24,760	-	14,114	-	14,114
23 JAIME JOSE M JAVIER JR	Vice President		122,692	151,440	184,644	-	89,487	-	89,487
24 JANNETH F ROLDAN	Rank & File		10,466	-	-	-	10,466	-	10,466
25 JOSE VINCENT B DALINO	Rank & File		14,989	-	14,989	-	-	-	-
26 MARIA CARMEN C ORTIZ	Manager		11,177	20,809	21,949	-	10,037	-	10,037
27 MARILYN T DELA PAZ	Manager		649	18,176	12,760	-	6,065	-	6,065
28 MARITES B BALAJADIA	Senior Manager		36,151	33,255	47,829	-	21,577	-	21,577
29 MARK QUINTIN G NUNEZ ¹	Asst. Vice President		18,656	-	-	-	18,656	-	18,656
30 NATALIE S MAGALONA	Manager		40,143	903	5,087	-	35,960	-	35,960
31 PATRICK S BASOBAS ¹	Assistant Manager		8,780	-	8,765	-	15	-	15
32 RAUL TUMANGDAY	Senior Manager		9,167	17,211	18,762	-	7,615	-	7,615
33 REGINA LOURDES D PAPA	Senior Assistant Vice President		18,591	36,030	22,862	-	31,759	-	31,759
34 REGINA S RAMOS ¹	Vice President		50,439	-	50,439	-	0	-	0
35 ROJANE C MENDOZA	Manager		42,288	62,849	62,085	-	43,052	-	43,052
36 RUBYLEN T VILLAMER	Rank & File		14,989	-	14,989	-	(0)	-	(0)
37 RUSSELL B AGUSTIN ¹	Manager		14,553	-	11,753	-	2,800	-	2,800
38 RUTH FATIMA YLASCOS	Rank & File		-	43,790	8,211	-	35,579	-	35,579
39 SHERWIN T. PARUNGAO	Senior Manager		-	10,353	-	-	10,353	-	10,353
40 VICTOR DEL ROSARIO TANJUAKIO ¹	First Vice President		21,600	-	-	-	21,600	-	21,600
41 VON EDWARD EBRON	Asst. Vice President		29,832	48,384	50,340	-	27,876	-	27,876
Resigned and retired employees			997,825	897,335	965,583	-	920,577	-	920,577
GRAND TOTAL			6,382,741	5,317,335	4,449,771	-	2,585,650	4,664,655	7,250,305

NATIONAL REINSURANCE CORPORATION OF THE PHILS.
Schedule C - Amounts Receivable from Related Parties which are
eliminated during the consolidation of financial statements
December 31, 2022

Name of employee	Designation	Bal. at beg. of period	Additions	Deductions		Ending Balance		Balance at end of period
				Amounts collected	Amounts Written off	Current	Non-Current	

NA

NATIONAL REINSURANCE CORPORATION OF THE PHILS.
Schedule D - Long-term Debt
December 31, 2022

Title of Issue and type of obligation (i)	Amount Authorized by Indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet (ii)
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NA

NATIONAL REINSURANCE CORPORATION OF THE PHILS.
Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related
December 31, 2022

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)
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NA

NATIONAL REINSURANCE CORPORATION OF THE PHILS.
Schedule F - Guarantees of Securities of Other Issuers
December 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is file	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is file	Nature of guarantee (ii)
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NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

Schedule G- Capital Stock

December 31, 2022

Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
1 ALEGAR CORPORATION	Common	32,600.00	NIL	-	-	32,600
2 ALPHA INSURANCE & SURETY CO., INC.	Common	1,578,900.00	NIL	-	-	1,578,900
3 AP MADRIGAL STEAMSHIP CO. INC.	Common	3,300.00	NIL	-	-	3,300
4 ARAVAL, INC	Common	77,100.00	NIL	-	-	77,100
5 ASIA UNITED INSURANCE, INC	Common	1,252,300.00	NIL	-	-	1,252,300
6 BANCOM DEVELOPMENT CORP.	Common	8,300.00	NIL	-	-	8,300
7 BENEFICIAL LIFE INSURANCE COMPANY INC.	Common	3,193,500.00	NIL	-	-	3,193,500
8 B.F. GENERAL INSURANCE CO., INC.	Common	36,900.00	NIL	-	-	36,900
9 BF LIFE INSURANCE CORP.	Common	397,300.00	NIL	-	-	397,300
10 BPI/MS INSURANCE CORP.	Common	3,347,500.00	NIL	3,347,500	-	-
11 CENTENNIAL GUARANTEE ASSURANCE CORP.	Common	14,500.00	NIL	-	-	14,500
12 CONSOLIDATED INSURANCE CO., INC.	Common	144,600.00	NIL	-	-	144,600
13 COOPERATIVE INSURANCE SYSTEM OF THE PH	Common	72,900.00	NIL	-	-	72,900
14 COUNTRY BANKERS INS. CORP.	Common	2,220,300.00	NIL	-	-	2,220,300
15 COUNTRY BANKERS LIFE INSURANCE CORP.	Common	30,000.00	NIL	-	-	30,000
16 EASTERN ASSURANCE & SURETY CORPORATIO	Common	1,872,400.00	NIL	-	-	1,872,400
17 FEDERAL PHOENIX ASSURANCE COMPANY IN	Common	3,786,300.00	NIL	-	-	3,786,300
18 FGU INSURANCE CORPORATION	Common	36,126,000.00	NIL	36,126,000	-	-
19 FIDELITY INSURANCE COMPANY INC.	Common	818,800.00	NIL	-	-	818,800
20 FIRST INTEGRATED BONDING & INS. CO INC.	Common	275,300.00	NIL	-	-	275,300
21 GREAT DOMESTIC INS. CO. OF THE PHILS.	Common	544,700.00	NIL	-	-	544,700
22 INSURANCE COMPANY OF NORTH AMERICA	Common	705,600.00	NIL	-	-	705,600
23 INSURANCE OF THE PHIL. ISLANDS CO., INC.	Common	59,100.00	NIL	-	-	59,100
24 INVESTOR'S ASSURANCE CORP.	Common	99,000.00	NIL	-	-	99,000
25 LUZON INSURANCE & SURETY CO., INC.	Common	32,300.00	NIL	-	-	32,300
26 MAA GENERAL ASSURANCE PHILS., INC.	Common	271,800.00	NIL	-	-	271,800
27 MABASA & COMPANY, INC.	Common	36,500.00	NIL	-	-	36,500
28 MALAYAN INSURANCE CO., INC.	Common	21,600.00	NIL	21,600	-	-
29 MANILA INSURANCE COMPANY INC.	Common	1,148,400.00	NIL	-	-	1,148,400
30 MANILA SURETY & FIDELITY CO., INC.	Common	3,168,400.00	NIL	-	-	3,168,400
31 MONARCH INSURANCE CO., INC.	Common	1,674,000.00	NIL	-	-	1,674,000
32 THE NEW INDIA ASSURANCE COMPANY, LIMIT	Common	4,168,300.00	NIL	-	-	4,168,300
33 ORIENTAL ASSURANCE CORPORATION	Common	3,560,800.00	NIL	-	-	3,560,800
34 PACIFIC UNION INSURANCE CO.	Common	1,351,600.00	NIL	-	-	1,351,600
35 PARAMOUNT LIFE & GENERAL INS. CORP.	Common	940,900.00	NIL	-	-	940,900
36 PEOPLE'S TRANS-EAST ASIA INS. CORP.	Common	2,435,300.00	NIL	-	-	2,435,300
37 PHILIPPINE BRITISH ASSURANCE CO., INC.	Common	590,400.00	NIL	-	-	590,400
38 PHIL. PRUDENTIAL LIFE INS. CO., INC.	Common	1,771,900.00	NIL	-	-	1,771,900
39 PHILIPPINE REMNANTS CO., INC.	Common	399,300.00	NIL	-	-	399,300
40 PHILIPPINES FIRST INSURANCE CO., INC.	Common	11,075,200.00	NIL	-	-	11,075,200
41 PHIL. INT'L LIFE INSURANCE CO., INC.	Common	4,450,200.00	NIL	-	-	4,450,200
42 PLARIDEL SURETY & INSURANCE COMPANY IN	Common	162,500.00	NIL	-	-	162,500
43 THE PREMIER INSURANCE & SURETY CORPOR	Common	2,456,100.00	NIL	-	-	2,456,100
44 RITA LEGARDA, INC.	Common	13,700.00	NIL	-	-	13,700
45 RIVARA, INC.	Common	8,700.00	NIL	-	-	8,700
46 SOUTH SEA SURETY & INS. CO., INC.	Common	4,152,700.00	NIL	-	-	4,152,700
47 STERLING INSURANCE CO., INC.	Common	2,453,900.00	NIL	-	-	2,453,900
48 STRONGHOLD INSURANCE CO., INC.	Common	2,817,600.00	NIL	-	-	2,817,600
49 SUN LIFE ASSURANCE CO. OF CANADA	Common	305,700.00	NIL	-	-	305,700
50 SUSANA REALTY	Common	600.00	NIL	-	-	600
51 TABACALERA INSURANCE CO. INC.	Common	1,278,700.00	NIL	-	-	1,278,700
52 TIMES SURETY & INSURANCE CO., INC.	Common	7,500.00	NIL	-	-	7,500
53 TRAVELLER'S INSURANCE & SURETY CORP.	Common	696,100.00	NIL	-	-	696,100
54 UNION BANK OF THE PHILS.	Common	5,000.00	NIL	-	-	5,000
55 UNION INSURANCE SOCIETY OF CANTON LTD	Common	2,197,300.00	NIL	-	-	2,197,300
56 UNITED INSURANCE CO., INC	Common	2,006,600.00	NIL	-	-	2,006,600
57 UNITED LIFE ASSURANCE CORP.	Common	2,518,100.00	NIL	-	-	2,518,100
58 UTILITY ASSURANCE CORP.	Common	1,837,900.00	NIL	-	-	1,837,900
59 VISAYAN SURETY & INSURANCE CORP.	Common	3,545,500.00	NIL	-	-	3,545,500
60 WORLDWIDE INSURANCE & SURETY COMPANY	Common	100.00	NIL	-	-	100
61 ZENITH INSURANCE CORPORATION	Common	805,800.00	NIL	-	-	805,800
62 MAMERTA ANDAYA	Common	2,100.00	NIL	-	-	2,100
63 NORMANDO ANTONIO S. AGUILAR	Common	16,900.00	NIL	-	-	16,900
64 CONCEPCION S. ARANETA	Common	700.00	NIL	-	-	700
65 BASCO, AMERFIL V.	Common	11,800.00	NIL	-	-	11,800
66 JAYMERLI C. BAUTISTA	Common	298,100.00	NIL	-	-	298,100
67 FRANCISCO M. BAYOT	Common	1,100.00	NIL	-	-	1,100
68 VICENTE M. BAYOT	Common	1,100.00	NIL	-	-	1,100

69	VICTORIANO G. BELIZARIO	Common	300.00	NIL	-	-	300
70	PEDRO P. BENEDICTO JR.	Common	15,800.00	NIL	-	-	15,800
71	CONRADO BENTTEZ	Common	7,400.00	NIL	-	-	7,400
72	ISABELITA M. CABANGUNAY	Common	14,500.00	NIL	-	-	14,500
73	DANILO J. CABERO	Common	7,200.00	NIL	-	-	7,200
74	NATIVIDAD CANTAJAL	Common	4,800.00	NIL	-	-	4,800
75	ANTONIO ROXAS CHUA	Common	1,089,500.00	NIL	-	-	1,089,500
76	JACQUELINE M. HALILI CO	Common	293,800.00	NIL	-	-	293,800
77	MANUEL U. CO	Common	100.00	NIL	-	-	100
78	FRANCISCO CORPUS	Common	100.00	NIL	-	-	100
79	DAVID C. COYUKIAT	Common	200.00	NIL	-	-	200
80	ALICIA S. CRUZ	Common	6,400.00	NIL	-	-	6,400
81	LUZ NER CRUZ	Common	13,400.00	NIL	-	-	13,400
82	ADELITA VERGEL DE DIOS	Common	171,500.00	NIL	-	-	171,500
83	MANUEL DYTOC	Common	900.00	NIL	-	-	900
84	EDUARDO ECHAUZ	Common	100.00	NIL	-	-	100
85	ROMEO ECHAUZ	Common	400.00	NIL	-	-	400
86	MANUEL B. ENRIQUEZ	Common	500.00	NIL	-	-	500
87	LILY VICTORIA G. GALO	Common	2,800.00	NIL	-	-	2,800
88	RAFAEL C. GALLAGA	Common	13,500.00	NIL	-	-	13,500
89	GARCIA, WINSTON F.	Common	442,300.00	NIL	-	-	442,300
90	EDITHA B. GERONIMO	Common	15,000.00	NIL	-	-	15,000
91	MERCEDES U. GONZALES	Common	200.00	NIL	-	-	200
92	LUCINA OCAMPO LEGASPI	Common	3,800.00	NIL	-	-	3,800
93	LUCITA R.C. LIMPE	Common	13,400.00	NIL	-	-	13,400
94	ROSARIO M. LLORA	Common	7,100.00	NIL	-	-	7,100
95	HONORATA S. LUCOS	Common	15,000.00	NIL	-	-	15,000
96	ANTONIO P. MADRIGAL	Common	4,200.00	NIL	-	-	4,200
97	CONSUELO P. MADRIGAL	Common	1,200.00	NIL	-	-	1,200
98	GERARDO A.S. MADRIGAL	Common	1,600.00	NIL	-	-	1,600
99	MACARIA P. MADRIGAL	Common	2,300.00	NIL	-	-	2,300
100	VICENTE A.S. MADRIGAL	Common	1,600.00	NIL	-	-	1,600
101	NELIA M. MALUBAY	Common	54,000.00	NIL	-	-	54,000
102	JENNIFER C. MARTIN	Common	294,000.00	NIL	-	-	294,000
103	HANS MENZI	Common	2,100.00	NIL	-	-	2,100
104	DAVID C. MERCADO	Common	27,300.00	NIL	-	-	27,300
105	SUSANA B. ORTIGAS	Common	1,100.00	NIL	-	-	1,100
106	MAURO PRIETO	Common	11,600.00	NIL	-	-	11,600
107	ANGELITA U. REYES	Common	2,800.00	NIL	-	-	2,800
108	JOSE R. RODAS	Common	100.00	NIL	-	-	100
109	LOURDES S. RODAS	Common	1,100.00	NIL	-	-	1,100
110	PAZ VDA. DE RODAS	Common	6,200.00	NIL	-	-	6,200
111	ROSARIO RODAS	Common	900.00	NIL	-	-	900
112	PACITA RODRIGUEZ	Common	13,400.00	NIL	-	-	13,400
113	PETER T. ROXAS-CHUA	Common	13,400.00	NIL	-	-	13,400
114	TAN KIM CHIONG DE ROXAS-CHUA	Common	92,300.00	NIL	-	-	92,300
115	ANTONIO S. ROXAS-CHUA JR.	Common	24,900.00	NIL	-	-	24,900
116	SEVERINO T. ROXAS-CHUA	Common	13,400.00	NIL	-	-	13,400
117	ANDRES E. SIOCHI	Common	11,700.00	NIL	-	-	11,700
118	EUGENIA G. SILVA	Common	2,800.00	NIL	-	-	2,800
119	MANUEL A. TORRES JR.	Common	79,100.00	NIL	-	-	79,100
120	MA. LUISA MADRIGAL VASQUEZ	Common	400.00	NIL	-	-	400
121	VICENTE B. VILLARAMA JR.	Common	2,800.00	NIL	-	-	2,800
122	BETTY RC YAO	Common	13,400.00	NIL	-	-	13,400
123	FRANCISCO JOSE ELIZALDE YTURREALDE	Common	75,700.00	NIL	-	-	75,700
124	MACROHON JR., IGNACIO	Common	100.00	NIL	-	-	100
125	LIM, PEDRO C.	Common	3,000.00	NIL	-	-	3,000
126	YAO, WILSON A.	Common	30,000.00	NIL	-	-	30,000
127	TAN, LOZANO A.	Common	100,000.00	NIL	-	-	100,000
128	VALENCIA, JESUS SAN LUIS	Common	2,100.00	NIL	-	-	2,100
129	PA, ANA GO &/OR GO KIM	Common	7,500,000.00	NIL	-	-	7,500,000
130	CRUZ, NAPOLEON D. CRUZ SR. &/OR LUISA I. &	Common	5,000.00	NIL	-	-	5,000
131	GALLAGA, RAFAEL C.	Common	100.00	NIL	-	-	100
132	LA'O, LUIS C.	Common	100.00	NIL	-	-	100
133	JACINTO JR., FERNANDO P.	Common	100.00	NIL	-	-	100
134	SALVADOR, BIENVENIDO C.	Common	100.00	NIL	-	-	100
135	BERNARDO, ROMEO L.	Common	100.00	NIL	-	-	100
136	CASTANEDA JR., CONSTANCIO T.	Common	100.00	NIL	-	-	100
137	KO PIO, RUFINO H.	Common	100.00	NIL	-	-	100
138	FRANCISCO, ROLANDO B.	Common	100.00	NIL	-	-	100
139	DESIDERIO JR., JOSE O.	Common	100.00	NIL	-	-	100
140	DESIDERIO, RODOLFO O.	Common	100.00	NIL	-	-	100
141	ONGKINGCO, FLORENCIO N.	Common	100.00	NIL	-	-	100
142	MARIANO JR., JORGE T.	Common	100.00	NIL	-	-	100
143	SAUCO, NORBERTO V.	Common	100.00	NIL	-	-	100
144	JUAN, FRISCO F. SAN	Common	100.00	NIL	-	-	100
145	CORPUS, SERGIO	Common	100.00	NIL	-	-	100
146	GO, GEORGE L.	Common	1,000.00	NIL	-	-	1,000

147 UY JR., CARLOS F.	Common	100.00	NIL	-	-	100
148 SALCEDO JR., ALFONSO L.	Common	100.00	NIL	-	-	100
149 ARAGON, BIENVENIDO M.	Common	200.00	NIL	-	-	200
150 CABANGON CHUA, ANTONIO L.	Common	100.00	NIL	-	-	100
151 TRINIDAD, ARMANDO C.	Common	100.00	NIL	-	-	100
152 BUENO, FRANCIS EDWIN I.	Common	100.00	NIL	-	-	100
153 HARI, ABDON M.	Common	100.00	NIL	-	-	100
154 REMO JR., JOSE H.	Common	100.00	NIL	-	-	100
155 CRUZ JR., ROMAN A.	Common	100.00	NIL	-	-	100
156 FRANCISCO, CLEOTILDE B.	Common	100.00	NIL	-	-	100
157 BELTRAN, AURELIO M.	Common	100.00	NIL	-	-	100
158 YUCHENGCO, YVONNE S.	Common	100.00	NIL	-	100	-
159 DEE, HELEN Y.	Common	100.00	NIL	-	-	100
160 PUYAT, ALFONSO G.	Common	100.00	NIL	-	-	100
161 FERNANDEZ, VICENTE T.	Common	100.00	NIL	-	-	100
162 LEON, JAIME S. DE	Common	100.00	NIL	-	-	100
163 RAMAJO, HONORIO J.	Common	100.00	NIL	-	-	100
164 UNSON, MA. ANICIA F.	Common	100.00	NIL	-	-	100
165 UNSON JR., ALEJANDRO F.	Common	100.00	NIL	-	-	100
166 VILLAMAYOR, ANTONIO S.	Common	100.00	NIL	-	-	100
167 CHENG, GEMA O.	Common	100.00	NIL	-	-	100
168 JUNTREAL JR., FILEMON A.	Common	100.00	NIL	-	-	100
169 COTOCO, NAZARIO	Common	100.00	NIL	-	-	100
170 COTOCO, DOMINGO	Common	100.00	NIL	-	-	100
171 PADIERNOS, GAY G.	Common	100.00	NIL	-	-	100
172 UNSON JR., EDMUNDO L.	Common	100.00	NIL	-	-	100
173 LIM, JAMES ORTEGA	Common	100.00	NIL	-	-	100
174 CUYEGKENG, ROSARIO W.	Common	100.00	NIL	-	-	100
175 FERNANDEZ, JAIME C.	Common	100.00	NIL	-	-	100
176 ALVENDIA, JOSE P.	Common	100.00	NIL	-	-	100
177 MERCADO JR., DANIEL M.	Common	100.00	NIL	-	-	100
178 ROMAN, VICTOR B.	Common	100.00	NIL	-	-	100
179 TANCO, EUSEBIO H.	Common	100.00	NIL	-	-	100
180 LEE, JOSE C.	Common	100.00	NIL	-	-	100
181 MORALES, RHODORA B.	Common	100.00	NIL	-	-	100
182 LOCSIN, JULIAN J.	Common	100.00	NIL	-	-	100
183 CARREDO, RAMON M.	Common	200.00	NIL	-	-	200
184 KOH, ANTONIO M.	Common	100.00	NIL	-	-	100
185 INDON, REYNALDO P.	Common	100.00	NIL	-	-	100
186 LICAROS, ABELARDO B.	Common	100.00	NIL	-	-	100
187 LICAROS JR., GREGORIO B.	Common	100.00	NIL	-	-	100
188 DOMINO, JUAN	Common	100.00	NIL	-	-	100
189 REYES, OSCAR C.	Common	200.00	NIL	-	-	200
190 MALONG, ALEJANDRO V.	Common	100.00	NIL	-	-	100
191 MERCADO JR., DAVID P.	Common	100.00	NIL	-	-	100
192 WONGAIHAM, ANTHONY T.	Common	200.00	NIL	-	-	200
193 MALLILIN, MELECIO C.	Common	100.00	NIL	-	-	100
194 ROMUALDEZ, FERDINAND MARTIN G.	Common	3,000,000.00	NIL	-	-	3,000,000
195 OLIVA, DULCE MARIA S.	Common	20,000.00	NIL	-	-	20,000
196 BANK OF THE PHILIPPINE ISLANDS	Common	290,795,500.00	NIL	290,795,500	-	-
197 KO PIO, RODERICK C.	Common	100.00	NIL	-	-	100
198 KO PIO, RUFFY C.	Common	100.00	NIL	-	-	100
199 TEO, STEPHEN T. TEO &/OR TERESITA R.	Common	29,000.00	NIL	-	-	29,000
200 TURNER, PHILIP &/OR ELNORA	Common	1,000.00	NIL	-	-	1,000
201 PNB GENERAL INSURERS CO., INC.	Common	1,000.00	NIL	-	-	1,000
202 HYDEE MANAGEMENT & RESOURCE CORPORA	Common	264,000.00	NIL	-	-	264,000
203 SM SAVINGS & LOAN ASSOCIATION	Common	70,000.00	NIL	-	-	70,000

204 SUDHAKAR, RANIPETA RANI	Common	100.00	NIL	-	-	100
205 REYES, CARLOS, R.	Common	12,000.00	NIL	-	-	12,000
206 GILI JR., GUILLERMO F.	Common	38,000.00	NIL	-	-	38,000
207 MENDIOLA, JORGE T.	Common	20,000.00	NIL	-	-	20,000
208 CRISOL, ROBERTO B.	Common	1,000.00	NIL	-	-	1,000
209 CALLAR, CYRIL C. DEL CALLAR &/OR JOSEPHIN	Common	1,896,000.00	NIL	-	-	1,896,000
210 SUNGA, PROSPERO S. SUNGA &/OR CLARITA J.	Common	375,000.00	NIL	-	-	375,000
211 YAN, LUCIO W. YAN &/OR CLARA Y.	Common	50,000.00	NIL	-	-	50,000
212 SUNGA, PETER EDWIN J. SUNGA &/OR ROSANN	Common	300,000.00	NIL	-	-	300,000
213 GO, IRENE CHAN	Common	185,000.00	NIL	-	-	185,000
214 LO, JOSEPHINE NG	Common	71,000.00	NIL	-	-	71,000
215 LEE, LEA B.	Common	250,000.00	NIL	-	-	250,000
216 ALMEDA, VALERIANO &/OR TITTA JANE &/OR R	Common	40,000.00	NIL	-	-	40,000
217 PHILIPPINE GENERAL INSURANCE CORP.	Common	750,000.00	NIL	-	-	750,000
218 MANANSALA, CONSUELO D.	Common	1,000.00	NIL	-	-	1,000
219 VERGARA, ROBERT G.	Common	1,000.00	NIL	-	-	1,000
220 LEON, BEATRIZ P. DE	Common	1,933.00	NIL	-	-	1,933
221 PRIETO, MERCEDES R.	Common	1,933.00	NIL	-	-	1,933
222 PRIETO JR., BENITO R.	Common	1,933.00	NIL	-	-	1,933
223 PRIETO, MAURO R.	Common	1,934.00	NIL	-	-	1,934
224 TEODORO, MONICA P.	Common	967.00	NIL	-	-	967
225 PRIETO, MARTIN L.	Common	967.00	NIL	-	-	967
226 GOZO, DANILO A.	Common	1,000.00	NIL	-	-	1,000
227 NAPA, ERMILANDO D.	Common	1,000.00	NIL	-	-	1,000
228 NERA, MEDEL T.	Common	1,000.00	NIL	-	1,000	-
229 STERLING INSURANCE COMPANY, INC.	Common	300,000.00	NIL	-	-	300,000
230 TIU, ALFONSO SY	Common	6,000.00	NIL	-	-	6,000
231 CHUA, VICKY B.	Common	1,000.00	NIL	-	-	1,000
232 LAO, EDMUND Y.	Common	6,000.00	NIL	-	-	6,000
233 UY, ALVIN CHRIS SY	Common	6,000.00	NIL	-	-	6,000
234 WU, JOLI CO	Common	344,100.00	NIL	-	344,100	-
235 BANZON JR., JOSE G.	Common	54,000.00	NIL	-	-	54,000
236 DIZON, VLADEMIR S.	Common	26,000.00	NIL	-	-	26,000
237 AYUSTE JR., RAFAEL G.	Common	100,000.00	NIL	-	100,000	-
238 CASTRO, WILLIAM Y.	Common	15,000.00	NIL	-	-	15,000
239 REGINA CAPITAL DEV. CORP.018414	Common	3,000.00	NIL	-	-	3,000
240 REGINA CAPITAL DEV. CORP. 018400	Common	6,000.00	NIL	-	-	6,000
241 VISAYAN SURETY & INSURANCE CORPORATIO	Common	200,000.00	NIL	-	-	200,000
242 REYES, ROMAN FELIPE S.	Common	1,000.00	NIL	-	-	1,000
243 KAWSEK, PAUL L.	Common	80,000.00	NIL	-	-	80,000
244 MARILEX REALTY DEVELOPMENT CORPORATI	Common	1,933.00	NIL	-	-	1,933
245 HIDALGO, AUGUSTO PEDROSA III	Common	1,000.00	NIL	-	-	1,000
246 CHAVEZ, RAMON NONATO D.	Common	5,000.00	NIL	-	-	5,000
247 GONZALEZ, GIZELA M.	Common	600.00	NIL	-	-	600
248 ESTATE OF VICENTE M. WARNS	Common	600.00	NIL	-	-	600
249 OWEN NATHANIEL S. AU ITF LI MARCUS M. AU	Common	200.00	NIL	-	-	200
250 CUA, PAMELA S.	Common	6,000.00	NIL	-	-	6,000
251 FIRST LIFE FINANCIAL COMPANY INC.	Common	485,700.00	NIL	-	-	485,700
252 CABREZA, JOCELYN DE GUZMAN	Common	1.00	NIL	-	1	-
253 ANTONIO M. RUBIN	Common	1,000.00	NIL	-	1,000	-
254 ELIAS BENIZA DULALIA	Common	1,000.00	NIL	-	-	1,000
255 WILFREDO C. MALDIA	Common	1.00	NIL	-	-	1
256 MAR M. TANGLAO I	Common	180,000.00	NIL	-	-	180,000
257 ALLAN ROSSI SANTOS	Common	5,000.00	NIL	-	5,000	-
258 MARIA CONSUELO A. LUKBAN	Common	50.00	NIL	-	50	-
259 NORA M. MALUBAY	Common	1.00	NIL	-	1	-
260 M PIONEER INSURANCE INC.	Common	542,300.00	NIL	-	-	542,300
261 REX MARIA ARGUELLES MENDOZA	Common	1,000.00	NIL	-	1,000	-
262 REGINALDO ANTHONY B. CARIASO	Common	50.00	NIL	-	50	-
263 ALLIEDBANKERS INSURANCE CORPORATION	Common	100.00	NIL	-	-	100
264 AUGUSTO LOZADA TOLEDO II	Common	131,000.00	NIL	-	-	131,000
265 ENRICO UTTICO CAMINCE	Common	3,000.00	NIL	-	-	3,000
266 ROBERTO GAN MANABAT	Common	1,000.00	NIL	-	1,000	-
267 JOSE ARNULFO A. VELOSO	Common	1.00	NIL	-	1	-
268 PCD NOMINEE CORP - FILIPINO	Common	1,684,090,286.00	NIL	1,684,090,286	-	-
269 PCD NOMINEE CORP - NON FILIPINO	Common	6,878,010.00	NIL	-	-	6,878,010
Total		2,123,605,600		2,014,380,886	453,303	108,771,411

**Reconciliation of Retained Earnings Available for Dividend Declaration
As of December 31, 2022**

**NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
31st floor BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City**

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year	P	357,175,361
<hr/>		
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings		55,700,581
Less: Non-actual / unrealized income net of tax		-
Equity in net income if associate / joint venture		-
Unrealized foreign exchange gain (except those attributable to Cash and Cash Equivalents) and Unrealized actuarial gain		18,027,980
Fair value adjustment (M2M gains)		1,197,850
Fair value adjustment of Investment Property resulting to gain		-
Adjustment due to deviation from PFRS / GAAP – gain		-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS		-
<hr/>		
Sub-total		36,474,751
<hr/>		
Add: Non-actual losses		-
Depreciation on revaluation increment (after tax)		-
Adjustment due to deviation from PFRS/GAAP – loss		-
Loss on fair value adjustment of investment property (after tax)		-
<hr/>		
Sub-total		-
<hr/>		
Net income actually earned during the period		393,650,112
Add (Less):		
Dividend declarations during the period		-
Appropriations of Retained Earnings during the period		(5,570,058)
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury Shares		-
<hr/>		
TOTAL RETAINED EARNINGS, END OF YEAR AVAILABLE FOR DIVIDEND *	P	388,080,054

**This is still subject to Insurance Commissions' requirements on declaration of dividends for insurance companies in the Philippines in accordance to Section 201 of the Amended Insurance Code.*

Map of Conglomerate
As of December 31, 2022

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
31st floor BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City

NA

COVER SHEET

SEC Registration Number

N A T I O N A L R E I N S U R A N C E
C O R P O R A T I O N O F T H E P H I L I P P I N E S

(Company's Full Name)

3 1 F B P I - P H I L A M L I F E M A K A T I
6 8 1 1 A Y A L A A V E N U E M A K A T I

(Business Address: No., Street City / Town / Province)

Jacqueline Michelle Dy

 Contact Person

(02) 8988-7400

 Company Telephone Number

1 2

 Month

3 1

 Day

Fiscal Year

SEC Form 17-Q
1st Quarter ending March 31, 2023
 FORM TYPE

4th Wednesday of
 June
 Month Day

Annual Meeting

 Secondary License Type, If Applicable

 Dept Requiring this Doc

Total Amount of Borrowings

 Total No. of Stockholders

 Domestic

 Foreign

To be accomplished by SEC Personnel concerned

 File Number

 LCU

 Document ID

 Cashier

STAMPS

Remarks: Please use BLACK ink for scanning

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE
SECURITIES REGULATIONS ACT AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarter ended **March 31, 2023**
2. Commission identification Number **80118**
3. BIR Tax Identification Number **000-480-869-000**
4. **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES** doing business **under the names and styles of Nat Re; Philippine National Reinsurance Company; PhilNaRe**
Exact name of registrant as specified in its charter
5. **PHILIPPINES**
Province, country or other jurisdiction of incorporation or organization
6. Industry classification code (SEC Use Only)
7. **31st FLOOR, BPI-PHILAM LIFE MAKATI, 6811 AYALA AVENUE MAKATI CITY,**
PHILIPPINES **1227**
Address of registrant's principal office Postal Code
8. **(632) 8988-7400**
Registrant's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA as at quarter ended:

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding</u>
Common	2,123,605,600
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [] No []
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such report);
Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days.
Yes [] No []

PART I. - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements listed below and covering pages 12 to 87 of this report are filed as part of this Form 17-Q:

- a. Statements of Financial Position as at March 31, 2023 and December 31, 2022.
- b. Statements of Income for the three-month ended March 31, 2023 and 2022.
- c. Statements of Comprehensive Income for the three-month ended March 31, 2023 and 2022.
- d. Statements of Changes in Equity for the three-month ended March 31, 2023 and 2022.
- e. Statements of Cash Flows for the three-month ended March 31, 2023 and 2022.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

I. RESULTS OF OPERATIONS

For the three-month ended March 31, 2023 and 2022

In Millions PHP	For the three-month ended		Inc(dec)	
	March 31, 2023	March 31, 2022	Amount	%
REINSURANCE PREMIUM INCOME				
Reinsurance premiums - net of returns	P1,091.1	P1,042.6	P48.5	5%
Retroceded premiums	(211.0)	(261.6)	50.6	-19%
Net premiums retained	880.1	781.0	99.1	13%
Movement in premium reserves – net	(188.8)	(137.0)	(51.8)	38%
	691.3	644.0	47.3	7%
UNDERWRITING DEDUCTIONS				
Share in reported losses – net	(115.6)	(850.1)	734.5	-86%
Share in unreported loss reserves – net	(300.9)	475.8	(776.7)	-163%
Commissions – net	(198.5)	(199.2)	0.7	-0%
	(615.0)	(573.5)	(41.5)	7%
NET UNDERWRITING INCOME	76.3	70.5	5.8	8%
INVESTMENT AND OTHER INCOME AND EXPENSES – net	100.2	92.4	7.8	8%
PROFIT AFTER INVESTMENT AND OTHER INCOME AND EXPENSES	176.5	162.9	13.6	8%
GENERAL AND ADMINISTRATIVE EXPENSES	(69.0)	(64.2)	(4.8)	7%
PROFIT BEFORE TAX	107.5	98.7	8.8	9%
TAX EXPENSE	(19.9)	(17.5)	(2.4)	14%
NET PROFIT	P87.6	P81.2	P6.4	8%

Underwriting Results

Net underwriting income amounted to P76.3 million, higher by P5.8 million or 8% than the first quarter of 2022. The favorable variance resulted mainly from (a) Net underwriting income from the Non-life foreign business amounting to P26.3 million compared to the net underwriting loss in 2022 amounting to P1.2 million; and (b) Higher net underwriting income from the Life business amounting to P14.1 million. These were partially negated by higher net underwriting losses from the Non-life domestic business by P35.8 million.

Net underwriting income recognized in 2023 as compared to net underwriting loss in 2022 from the Non-life foreign business resulted mainly from lower loss and commission ratios relative to earned premiums. Higher net underwriting income from the Life business resulted mainly from higher reinsurance premium income from the non-modified co-insurance business and lower commission costs, partially negated by higher loss ratio relative to earned premiums. Higher net underwriting losses from the Non-life domestic business resulted mainly from higher provision for unexpired risk reserves and higher loss and commission ratios relative to earned premium.

Reinsurance premium income amounted to P691.3 million, higher by P47.3 million or 7% than the first quarter of 2022. This resulted from higher reinsurance premium income from the Life business due to higher reported premiums from the non-modified co-insurance business. This was partially negated by lower reinsurance premium income from (a) Non-life domestic business due to higher provision for unexpired risk reserves in 2023 as compared to 2022; and (b) Non-life foreign business due to non-renewal of certain treaties, partially negated by premiums from new written contracts.

Share in reported losses, net and Share in unreported loss reserves, net amounted to P416.5 million, higher by P42.2 million than the first quarter of 2022 which resulted to loss ratios of 60% in 2023 versus 58% in 2022 relative to earned premiums.

Higher loss ratio in 2023 resulted mainly from the following: (a) Higher unfavorable loss developments for past underwriting years for Life business; and (b) Unfavorable impact of discount rates and higher provision for unexpired risk reserves from the Non-life domestic business. These were partially negated by lower expected claims pertaining to the new written contracts and the favorable impact of discount rates for Non-life foreign business.

	For the three-month ended		Inc (dec)	
	March 31, 2023	March 31, 2022	Amount	%
Share in reported losses – net (A)	P115.6	P850.1	(P734.5)	-86%
Share in unreported loss reserves – net (B)	300.9	(475.8)	776.7	-163%
Total share in reported losses and unreported loss reserves – net (C) [A+B]	416.5	374.3	42.2	11%
Total earned premiums (D)	691.3	644.0	47.3	7%
Loss ratio (C/D)	60%	58%		

Commissions, net amounted to P198.5 million, which is aligned to the first quarter of 2022 resulting to commission ratios of 29% in 2023 versus 31% in 2022 relative to earned premiums. Lower commission ratio in 2023 resulted mainly from (a) Lower commission costs from the Life business due to lower acquisition costs from group and modified co-insurance treaties; and (b) Lower acquisition costs of new contracts compared to contracts that were not renewed for the Non-life foreign business. These were partially negated by the impact of higher provision for unexpired risk reserves for the Non-life domestic business

Investment and other income and expenses, net amounted to P100.2 million, higher by P7.8 million or 8% than the first quarter of 2022, resulting from higher investment income amounting to P35.1 million, partially negated by higher other expenses amounting to P27.3 million.

Higher investment income in 2023 resulted mainly from (a) Higher interest and dividend income by P29.4 million; (b) Higher gain on sale from available-for-sale financial assets by P17.1 million; partially negated by (c) Unfavorable changes in the net fair value of held-for-trading securities amounting to P11.4 million.

Higher other expenses by P27.3 million resulted mainly from the foreign exchange losses amounting in 2023 as compared to the foreign exchange gains in 2022.

General and administrative expenses amounted to P69.0 million, higher by P4.8 million or 7% than the first quarter of 2022 resulting mainly from higher manpower costs.

Tax expense amounted to P19.9 million, higher by P2.4 million or 14% than the first quarter of 2022 resulting mainly from higher final taxes from the interest income recognized in 2023.

II. FINANCIAL CONDITIONS

In Millions PHP	Unaudited	Audited	Inc(dec)	
	March 31, 2023	December 31, 2022	Amount	%
CASH AND CASH EQUIVALENTS	P913.0	P724.7	P188.3	26%
REINSURANCE BALANCES RECEIVABLE – net	3,534.5	3,374.5	160.0	5%
HELD-FOR-TRADING (HFT) SECURITIES	561.5	289.5	272.0	94%
AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS	4,779.6	4,808.0	(28.4)	-1%
HELD-TO-MATURITY (HTM) INVESTMENTS	3,148.4	3,058.5	89.9	3%
OTHER INVESTMENTS	293.0	442.3	(149.3)	-34%
LOANS AND RECEIVABLES	73.2	86.2	(13.0)	-15%
PROPERTY AND EQUIPMENT – net	43.3	45.2	(1.9)	-4%
REINSURANCE RECOVERABLE ON REPORTED LOSSES – net	2,944.4	2,905.1	39.3	1%
REINSURANCE RECOVERABLE ON CLAIMS RESERVES	975.7	923.5	52.2	6%
DEFERRED ACQUISITION COSTS	711.3	701.3	10.0	1%
DEFERRED REINSURANCE PREMIUMS	463.6	606.1	(142.5)	-24%
OTHER ASSETS – net	373.7	373.1	0.6	0%
TOTAL ASSETS	P18,815.2	P18,338.0	P477.2	3%
<u>LIABILITIES AND EQUITY</u>				
REINSURANCE BALANCES PAYABLE	P2,114.6	P2,097.2	P17.4	1%
FORWARD LIABILITY	89.0	89.3	(0.3)	-0%
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	311.8	303.0	8.8	3%
LOSSES AND CLAIMS PAYABLE	5,650.2	5,717.4	(67.2)	-1%
CLAIMS RESERVES	3,179.0	2,825.9	353.1	12%
PREMIUM RESERVES	1,738.6	1,692.3	46.3	3%
DEFERRED REINSURANCE COMMISSIONS	5.9	12.5	(6.6)	-53%
TOTAL LIABILITIES	13,089.1	12,737.6	351.5	3%
EQUITY	5,726.1	5,600.4	125.7	2%
TOTAL LIABILITIES AND EQUITY	P18,815.2	P18,338.0	P477.2	3%

Cash and cash equivalents amounting to P913.0 million increased by P188.3 million or 26% from the balance as at December 31, 2022 of P724.7 million. The increase in the balance resulted mainly from the maturities of short-term time deposits as discussed in Other Investments below. This was partially negated by the net cash used in operating activities amounting to P35.6 million and foreign currency losses amounting to P12.8 million.

Reinsurance balances receivable - net amounting to P3,534.5 million increased by P160.0 million or 5% from the balance as at December 31, 2022 of P3,374.5 million. The increase in the balance resulted mainly from the accrual of reinsurance premiums, net of the related commissions from the Non-life business, partially negated by the collections during the period.

Held-for-trading (HFT) securities amounting to P561.5 million increased by P272.0 million or 94% from the balance as at December 31, 2022 of P289.5 million. The increase in the balance resulted mainly from the acquisitions amounting to P779.6 million. This was partially negated by (a) Disposals amounting to P494.3 million; and (b) Fair value and foreign currency losses amounting to P13.3 million.

Held-to-maturity (HTM) investments amounting to P3,148.4 million increased by P89.9 million from the balance as at December 31, 2022 of P3,058.5 million. The increase in the balance resulted mainly from the purchase of corporate bonds amounting to P119.6 million, partially negated by maturities amounting to P29.7 million.

Other investments amounting to P293.0 million decreased by P149.3 million or 34% from the balance as at December 31, 2022 of P442.3 million. The decrease in the balance resulted mainly from the maturities of short-term time deposits during the period amounting to P140.3 million and foreign currency losses amounting to P9.0 million.

Loans and receivables amounting to P73.2 million, decreased by P13.0 million or 15% from the balance as at December 31, 2022 of P86.2 million. The decrease in the balance resulted mainly from the collection of receivables from the sale of HFT securities, partially negated by the increase in dividend receivable during the period.

Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves amounting to P3,920.1 million increased by P91.5 million from the balance as at December 31, 2022 of P3,828.6 million. The increase in the balance is aligned with the increase in Losses and claims payable and Claims reserves.

Deferred reinsurance premiums amounting to P463.6 million decreased by P142.5 million or 24% from the balance as at December 31, 2022 of P606.1 million. The decrease in the balance is expected as it is mainly comprised of reinsurance premiums from the Company's excess of loss facility which runs from the second quarter of 2022 to the first quarter of 2023. Further, the decrease in the balance can also be attributed to the reduction of business retroceded through our proportional treaty with foreign reinsurers.

Losses and claims payable and Claims reserves amounting to P8,829.2 million increased by P285.9 million from the balance as at December 31, 2022 of P8,543.3 billion. The increase in the balance resulted mainly from recognizing loss reserves from the earned premiums during the period for Life and Non-life businesses and the unfavorable loss development for past underwriting years for Life business. These were partially negated by the settlement of claims during the period.

Deferred reinsurance commission amounting to P5.9 million decreased by P6.6 million or 53% from the balance as at December 31, 2022 of P12.5 million resulting mainly from lower commissions deferred related to the proportional retrocession treaty with foreign reinsurers as discussed in Deferred reinsurance premiums.

KEY PERFORMANCE INDICATORS:

	For the three-month ended March 31, 2023	For the three-month ended March 31, 2022	% Inc.(Dec.)
1. Net income (loss)	P87.6 million	P81.2 million	8%
2. Earnings Per Share (EPS) ^a	P0.041	P0.038	8%
3. Retention Ratio ^b	81%	75%	8%
4. Combined Ratio ^c	99%	99%	0%
5. Return on Average Equity (ROE)	1.5%	1.4%	7%

- (a) Net income divided by weighted average number of shares issued.
 (b) Net premium written (NPW) divided by gross premiums written (GPW).
 (c) Sum of following:

	2023	2022
Loss Ratio	60%	58%
Commission Ratio	29%	31%
Expense Ratio	10%	10%
Total	99%	99%

III. FINANCIAL SOUNDNESS INDICATORS

	As at March 31, 2023	As at Dec. 31, 2022
Current Ratio	1.96 : 1.00	1.90 : 1.00
Asset to Equity Ratio	3.29 : 1.00	3.27 : 1.00
Total Liabilities/Equity	2.29 : 1.00	2.27 : 1.00

IV. MATERIAL EVENT/S AND UNCERTAINTIES:

Other than the disclosure described in the preceding sections, the Company has nothing to report on the following:

1. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
2. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
3. Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
4. Any material commitments for capital expenditures.

5. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
6. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
7. Any seasonal aspects that had a material effect on the financial condition or results of operations.

V. FINANCIAL RISK DISCLOSURE

The Company's investments are regulated under the pertinent provisions of the Amended Insurance Code, otherwise known as Republic Act (R.A.) 10607. The Amended Insurance Code generally requires all insurance companies to obtain prior approval of the Insurance Commission (IC) for any and all investments. Further, the Company reports all investments made and sold during the previous month to the IC. The IC reviews these investment reports and may require the immediate sale or disposal of any investment found to be too risky.

A portion of the Company's funds is invested in equities. Section 207 of the Amended Insurance Code provides that insurance companies may invest in listed equities of other financial institutions without need of prior approval by the Commissioner. Beyond the provisions of the Amended Insurance Code, the Company, through its Investment Committee, has established additional guidelines to manage the risk inherent in equity investments. The Company's own investment policy requires that the Company invest only in shares of common stock of companies that are listed on the Philippine Stock Exchange. Furthermore, these listed companies must have profitable business operations and market capitalization are on a scale that would qualify them as blue chips.

The Company also invests in fixed income securities in which it attempts to manage interest rate risk by managing the duration and average maturity of its fixed income portfolio. Asset-liability duration mismatches are evaluated based on the team's outlook on interest rates vis-a-vis the duration of the Company's liabilities. The fixed income portfolio is structured such that maturity profiles align with funding needs. Moreover, investments in fixed income securities are limited only to securities issued by entities of undisputedly strong creditworthiness and to those instruments have active secondary markets to allow transparent valuation and easier liquidation as needed.

A certain portion of the Company's investments is in foreign currencies, particularly the U.S. Dollar. These investments are monitored closely and are limited largely to dollar-denominated obligations backed by the full faith and credit of the Republic of the Philippines (ROP's). Foreign currency denominated investments are reported to the BSP on a monthly basis for monitoring.

VI. OTHER DISCLOSURE

Pursuant to SEC Memorandum Circular No. 8 (Series of 2016) provides guidance to non-bank financial institutions that are covered by Foreign Account Tax Compliance Act (FATCA) regulations, the Company is still evaluating/assessing the potential effects of FATCA to its business. Based on the regulation, the Company is a 'Non-financial foreign Entity' (NFFE) may either be an "exempt NFFE" or "non-exempt NFFE". Under the regulations also, excepted NFFEs such as publicly traded corporations are generally exempt from withholding tax as required by FATCA if a proper FATCA certification is provided to the payor.

The Bureau of Internal Revenue (BIR) advised all concerned Philippine Financial Institutions to take necessary steps to prepare for full implementation of the Inter-Governmental Agreement (IGA) on FATCA between the Philippines and the United States of America was signed on July 13, 2015. On December 01, 2016 President Duterte ratified the FATCA agreement and its transmitted to the Senate on December 06, 2016 for concurrence.

II. – OTHER INFORMATION

B. No other material information.

**NATIONAL REINSURANCE CORPORATION
OF THE PHILIPPINES**
(Registrant)

(Original Signed)

SANTINO U. SONTILLANO
Vice President & Head of Finance

(Original Signed)

ALLAN R. SANTOS
President & Chief Executive Officer

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF FINANCIAL POSITION

March 31, 2023 and December 31, 2022

(Amounts in thousands)

	<i>Notes</i>	March 31, 2023	December 31, 2022
ASSETS			
Cash and cash equivalents	4	P912,981	P724,726
Reinsurance balances receivable – net	5	3,534,529	3,374,461
Held-for-trading (HFT) securities	6	561,475	289,520
Available-for-sale (AFS) financial assets	7	4,779,595	4,807,975
Held-to-maturity (HTM) investments	8	3,148,359	3,058,524
Other investments	9	293,006	442,292
Loans and receivables	10	73,240	86,209
Property and equipment – net	11	43,287	45,163
Reinsurance recoverable on reported losses – net	12	2,944,405	2,905,130
Reinsurance recoverable on claims reserves	12	975,707	923,491
Deferred acquisition costs	13	711,334	701,341
Deferred reinsurance premiums	14	463,574	606,068
Other assets – net	15	373,672	373,116
TOTAL ASSETS		P18,815,164	P18,338,016
LIABILITIES AND EQUITY			
Liabilities			
Reinsurance balances payable	16	P2,114,571	P2,097,223
Forward liability	6	89,049	89,332
Accounts payable and accrued expenses	17	311,787	303,032
Losses and claims payable	18	5,650,174	5,717,380
Claims reserves	18	3,178,997	2,825,811
Premium reserves	19	1,738,629	1,692,288
Deferred reinsurance commissions	20	5,864	12,536
Total Liabilities		13,089,071	12,737,602
Equity	24	5,726,093	5,600,414
TOTAL LIABILITIES AND EQUITY		P18,815,164	P18,338,016

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME

For the three months ended March 31, 2023 and 2022

(Amounts in thousands, except Earnings Per Share)

	<i>Notes</i>	March 31, 2023	March 31, 2022
Reinsurance premium income			
Reinsurance premiums – net of returns	19	P1,091,117	P1,042,574
Retroceded premiums	14	(211,005)	(261,618)
Net premiums retained		880,112	780,956
Movement in premium reserves – net	14, 19	(188,835)	(137,019)
		691,277	643,937
Underwriting deductions			
Share in reported losses – net	22.1	115,530	850,153
Share in unreported loss reserves – net	22.2	300,970	(475,843)
Commissions – net	22.3	198,451	199,179
		614,951	573,489
Net underwriting income		76,326	70,448
Investment and other income and expenses – net	21	100,181	92,422
Profit after investment and other income and expenses		176,507	162,870
General and administrative expenses	23	68,987	64,202
Profit before tax		107,520	98,668
Tax expense		19,933	17,464
Net profit		P87,587	P81,204
Earnings Per Share – Basic and Diluted			
	27	P0.041	P0.038

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2023 and 2022

(Amounts in thousands)

	<i>Notes</i>	March 31, 2023	March 31, 2022
Net profit		P87,587	P81,204
Other comprehensive income (loss)			
Items that are and will be reclassified subsequently to profit or loss			
Fair value gains (losses) on AFS financial assets during the period	7	61,498	(20,860)
Amortization of unrealized gains on reclassified HTM securities to profit or loss		3,517	3,628
Fair value gains on disposal of AFS financial assets reclassified to profit or loss	7, 21	(27,186)	(10,151)
Income tax effect		263	363
Total other comprehensive income (loss)		38,092	(27,020)
Total comprehensive income		P125,679	P54,184

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2023 and 2022
(Amounts in thousands)

	Capital Stock		Additional Paid-in Capital <i>(Note 24)</i>	Treasury Shares at Cost <i>(Note 24)</i>	Revaluation Reserves			Retained Earnings		Total Equity
	No. of shares <i>(in thousands)</i>	Amount <i>(Note 24)</i>			AFS Financial Assets	HTM Investments	Defined Benefit Liability	Appropriated	Unappropriated	
Balance at January 1, 2023	2,181,955	P2,181,955	P3,019,218	(P100,525)	(P105,348)	(P42,220)	(P74,247)	P75,140	P646,441	P5,600,414
Net profit	-	-	-	-	-	-	-	-	87,587	87,587
Other comprehensive income:										
Items that are and will be reclassified subsequently to profit or loss	-	-	-	-	34,575	3,517	-	-	-	38,092
Total comprehensive income	-	-	-	-	34,575	3,517	-	-	87,587	125,679
Balance at March 31, 2023	2,181,955	P2,181,955	P3,019,218	(P100,525)	(P70,773)	(P38,703)	(P74,247)	P75,140	P734,028	P5,726,093
Balance at January 1, 2022	2,181,955	P2,181,955	P3,019,218	(P100,525)	P26,626	(P55,578)	(P73,366)	P69,570	P596,310	P5,664,210
Net profit	-	-	-	-	-	-	-	-	81,204	81,204
Other comprehensive income (loss):										
Items that are and will be reclassified subsequently to profit or loss	-	-	-	-	(30,648)	3,628	-	-	-	(27,020)
Total comprehensive income (loss)	-	-	-	-	(30,648)	3,628	-	-	81,204	54,184
Balance at March 31, 2022	2,181,955	P2,181,955	P3,019,218	(P100,525)	(P4,022)	(P51,950)	(P73,366)	P69,570	P677,514	P5,718,394

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2022 and 2021

(Amounts in thousands)

	<i>Notes</i>	March 31, 2023	March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P107,520	P98,668
Adjustments for:			
Movement in premium reserves – net	<i>14, 19</i>	188,835	137,019
Movement in share in reported losses - net		2,983	5,555
Movement in share in unreported loss reserves – net	<i>12, 18</i>	300,970	(475,843)
Commissions – net	<i>13, 20</i>	(16,665)	(16,655)
Interest income	<i>21</i>	(93,983)	(64,040)
Gain on sale of AFS financial assets	<i>7, 21</i>	(27,186)	(10,151)
Dividend income	<i>21</i>	(12,268)	(12,789)
Unrealized foreign currency (gains) losses		17,373	(5,274)
Fair value (gains) losses on HFT securities	<i>6, 21</i>	8,177	(3,195)
Unrealized losses from forward contract	<i>6, 21</i>	2,436	–
Movement in deposit liability	<i>17, 21</i>	1,737	(1,407)
Depreciation and amortization	<i>23</i>	3,799	3,944
Operating income (loss) before working capital changes		483,728	(344,168)
Decrease (increase) in:			
Reinsurance balances receivable – net		(198,509)	215,027
HFT securities		(285,319)	(214,290)
Loans and receivables		15,464	(447)
Reinsurance recoverable on reported losses – net		(27,207)	(257,777)
Other assets – net		(1)	(60,552)
Increase (decrease) in:			
Reinsurance balances payable		21,400	(69,899)
Accounts payable and accrued expenses		7,036	47,781
Losses and claims payable		(30,540)	655,762
Cash used in operations		(13,948)	(28,563)
Cash paid for income taxes		(21,623)	(16,278)
Net cash used in operating activities		(P35,571)	(P44,841)

Forward

	<i>Notes</i>	March 31, 2023	March 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal/maturities of:			
AFS financial assets	7	P639,889	P278,650
HTM investments	8	30,500	–
Other investments	9	140,341	–
Loans and receivables	10	411	7,745
Property and equipment	11	67	1,285
Interest received		97,185	71,233
Dividends received		8,992	9,786
Acquisitions of:			
AFS financial assets	7	(560,526)	(97,691)
HTM investments	8	(119,607)	(170,429)
Loans and receivables	10	–	(1,148)
Property and equipment	11	(592)	(1,661)
Net cash provided by investing activities		236,660	97,770
NET INCREASE IN CASH AND CASH EQUIVALENTS		201,089	52,929
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS		(12,834)	4,115
CASH AND CASH EQUIVALENTS – January 1		724,726	658,187
CASH AND CASH EQUIVALENTS – March 31		P912,981	P715,231

See Notes to the Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
(Amounts in thousands)

1. CORPORATE INFORMATION

National Reinsurance Corporation of the Philippines (the Company) was incorporated on June 7, 1978 by virtue of Presidential Decree No. 1270 (the Decree), as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighboring insurance markets. Under the Decree, it became the vehicle for the Philippine insurance industry's participation in the Asian Reinsurance Corporation (ARC), a multi-government-initiated reinsurance entity, based in Bangkok, Thailand, which was established to foster regional cooperation among insurance companies doing business in Asia. The Company's shares are listed in the Philippine Stock Exchange (PSE).

The Company is licensed by the Insurance Commission to engage in business until December 31, 2024.

The Company's registered office and principal place of business is located at 31st floor BPI-Philam Life Makati, 6811 Ayala Avenue, Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are consistent with those followed in the preparation of the Company's financial statements as at and for the year ended December 31, 2022, as summarized below and in the succeeding pages.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The accompanying interim condensed financial statements of the Company have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the condensed financial statements do not include all the information and disclosures required in the December 31, 2022 audited financial statements and should be read in conjunction with the Company's audited financial statements as at and for the year ended December 31, 2022.

(b) Basis of Measurement

The interim condensed financial statements have been prepared using the measurement bases specified by Philippine Financial Reporting Standards (PFRSs) for each type of asset, liability, income, and expense. The measurement bases are more fully described in the accounting policies that follow.

(c) *Presentation of Financial Statements*

The financial statements are presented in accordance with PAS 1, *Presentation of Financial Statements*. The Company presents the statement of comprehensive income in two statements: a statement of income and a statement of comprehensive income.

(d) *Functional and Presentation Currency*

These interim condensed financial statements are presented in Philippine peso, the Company's functional and presentation currency, and amounts are presented in thousands except when otherwise indicated.

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

2.2 Adoption of New and Amended PFRSs and Framework

(a) *Effective in 2023 that are Relevant to the Company*

The Company has adopted the below amendments starting January 1, 2023. The adoption of these pronouncements did not have any significant impact on the Company's financial statements.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2 Making Materiality Judgements) (effective January 1, 2023). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments to PFRSs Practice Statements 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

(b) Effective Subsequent to 2023 but not Adopted Early

There are new and amended PFRSs effective for annual periods subsequent to 2023, which were adopted by the FRSC. The Company is still assessing the impact of the new standards on the Company's financial statements.

- Classification of Liabilities as Current or Noncurrent – 2020 Amendments and Noncurrent Liabilities with Covenants – 2022 Amendments (Amendments to PAS 1) (effective January 1, 2024). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or noncurrent and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for noncurrent liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted.

Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- PFRS 9, *Financial Instruments* (2014) (adoption deferred to January 1, 2025). This new standard on financial instruments will replace PAS 39, *Financial Instruments* and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
 - three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The following table provides an overview of the fair values as at March 31, 2023 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion (i.e. financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis) and all other financial assets:

	Notes	Financial assets that meet the SPPI criteria*		All other financial assets	
		Fair Value	Fair value change during the reporting period	Fair Value	Fair value change during the reporting period
Cash and cash equivalents	4	P912,981	P-	P-	P-
AFS financial assets	7	-	-	4,779,595	61,498
HTM investments	8	3,108,268	(40,091)	-	-
Other investments	9	293,006	-	-	-
Loans and receivables	10	73,240	-	-	-
Funds held by ceding companies	5	298,117	-	-	-
		P4,685,612	(P40,091)	P4,779,595	P61,498

* Excluding any financial asset that meets the definition of held for trading in PFRS 9, or that is managed and whose performance is evaluated on a fair value basis.

The table below provides information regarding the credit risk exposure of the Company's financial assets as at March 31, 2023 by classifying assets according to the Company's credit grading of counterparties.

	Notes	Neither Past Due nor Impaired			Impaired	Total
		Investment High Grade	Non-investment Grade	Past Due but not Impaired		
Cash and cash equivalents	4	P912,981	P-	P-	P-	P912,981
Reinsurance balances receivable	5	2,010,999	298,145	1,225,385	504,511	4,039,040
AFS financial assets - debt securities	7	4,241,481	-	-	-	4,241,481
HTM investments	8	3,148,359	-	-	-	3,148,359
Other investments	9	293,006	-	-	-	293,006
Loans and receivables	10	63,821	9,419	-	-	73,240
Reinsurance recoverable on reported losses	12	2,197,332	313,882	-	115,104	2,626,318
		P12,867,979	P621,446	P1,225,385	P619,615	P15,334,425

The Company uses a credit grading system based on the borrowers and counterparties overall credit worthiness, as described below.

Investment High Grade – This pertains to accounts with a very low probability of default as demonstrated by the borrower's strong financial position and reputation. The borrower has the ability to raise substantial amounts of funds through credit facilities with financial institutions. The borrower has a strong debt service record and a moderate use of leverage.

Non-investment Grade – Satisfactory – This pertains to current accounts with no history of default or which may have defaulted in the past, but the conditions and circumstances directly affecting the borrower's ability to pay has abated already. The borrower is expected to be able to adjust to the cyclical downturns in its operations. Any prolonged adverse economic conditions would however ostensibly create profitability and liquidity issues. The use of leverage may be above industry or credit standards but remains stable.

Past Due but not Impaired – Rating given to borrowers and counterparties where outstanding obligation is already past due without impairment indicator.

Impaired – This pertains to accounts with impairment indicator and uncertain collectability. Allowance for impairment losses were recognized by the Company for these accounts.

- PFRS 17, *Insurance Contracts* (effective January 1, 2025). The new standard will eventually replace PFRS 4, that will set out the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

This new standard requires a current measurement model where estimates are remeasured in each reporting period. Moreover, contracts are measured using the building blocks of:

- discounted probability-weighted cash flows;
- an explicit risk adjustment; and,
- a contractual service margin representing the unearned profit of the contract which is recognized as revenue over the coverage period.

PFRS 17 further allows a choice between recognizing changes in discount rates either in the statement of income or directly in other comprehensive income. The choice is likely to reflect how insurers account for financial assets under PFRS 9.

In addition, the standard provides an optional, simplified premium allocation approach for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. Early application is permitted for entities that apply PFRS 9 on or before the date of initial application of PFRS 17.

2.3 Reinsurance Contracts

Product Classification

Reinsurance contracts are those contracts under which the Company (the reinsurer) has accepted significant insurance risk from insurance and reinsurance companies (the cedants) by agreeing to compensate the cedants if a specified uncertain future event (the insured event) adversely affects the cedants. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid when an insured event occurs with benefits payable if the insured event did not occur.

Reinsurance contracts can also transfer financial risks. Contracts that transfer financial risks which create financial assets or financial liabilities, but do not expose the Company to significant insurance risk, are within the scope of PAS 39 and are recognized as Deposit liability under Accounts payable and accrued expenses.

Once a contract has been classified as reinsurance contract, it remains a reinsurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the period, unless all rights and obligations are extinguished or expired.

Retrocession Contracts Held

Contracts entered into by the Company with retrocessionaires under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for reinsurance contracts above are classified as retroceded contracts held. Contracts that do not meet those classification requirements are classified as financial assets.

Reinsurance recoverable on paid losses are included as part of Reinsurance balances receivable. These balances represent the retrocessionaires' share in the amounts paid to the cedants and are in accordance with the retroceded contract. Reinsurance recoverable on unpaid losses represents balances due from retrocessionaires for its share on the unpaid losses and Reinsurance recoverable on claims reserves represent the retrocessionaires' share for its losses in the loss reserves are presented under Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves, respectively, in the statements of financial position. The recoverable amounts are estimated in a manner consistent with the losses and claims payable and claims reserves and are in accordance with the retroceded contract.

Reinsurance balances receivable, Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves are reviewed for impairment at the end of each reporting period or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the cedants and retrocessionaires can be measured reliably.

The impairment loss is recognized as part of General and administrative expenses in the statements of income.

Retroceded insurance risk does not relieve the Company from its obligations to ceding companies.

Reinsurance balances payable primarily represent premiums due to retrocessionaires.

Amounts payable are estimated in a manner consistent with the associated retrocession contract.

Assets and liabilities arising from reinsurance activities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2.4 Financial Assets

Financial assets are recognized when the Company becomes a party to an agreement and agrees to sell goods or services for a fixed amount of money. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Company commits to purchase the asset.

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, HTM investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Financial assets are recognized initially at fair value of the consideration given. Except for financial assets at FVTPL, the initial measurement of financial assets includes transaction costs.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Company provides money or services directly to a debtor with no intention of trading the receivables.

The Company's financial assets categorized as loans and receivables are presented as cash and cash equivalents, reinsurance balances receivable – net, loans and receivables, reinsurance recoverable on reported losses, and other investments.

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization, if any, is included as part of Interest income presented under Investment and other income and expenses – net account in the statements of income.

(ii) *Financial assets at FVTPL*

This category consists of financial instruments that are held-for-trading or designated by management on initial recognition. Financial assets at FVTPL are recorded in the statements of financial position at fair value, with changes recorded in the Investment and other income and expenses - net account in the statements of income.

HFT securities are not reclassified subsequent to their initial recognition, unless they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- if the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading at initial recognition), then it may be reclassified if the Company has the intention and the ability to hold the financial asset in the foreseeable future or until maturity; and
- the financial asset may be reclassified out of the held-for-trading securities category only under “rare circumstances”.

As at March 31, 2023 and December 31, 2022, the Company does not have any financial asset designated by management as financial instruments at FVTPL. In 2023 and 2022, the Company’s HFT securities consist of Unit Investment Trust Fund (UITF), forward assets, and equity securities listed in the PSE.

(iii) *AFS Financial Assets*

This category includes non-derivative financial assets that are designated as AFS financial assets or are not classified as loans and receivables, HTM investments or financial assets at FVTPL. The Company’s AFS financial assets include listed and unlisted equity securities and government and corporate bonds.

All financial assets within this category are subsequently measured at fair value, except for certain equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost less any impairment loss. Fair value gains and losses are recognized in other comprehensive income and are reported as part of the Revaluation reserves account in the equity except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in the statements of income.

(iv) *HTM Investments*

This category includes non-derivative financial assets with fixed or determinable payments and fixed maturity, and that the Company has the intention and ability to hold to maturity other than: (a) those that Company designates as financial assets at FVTPL upon initial recognition; (b) those that the Company designates as AFS; and (c) those that meet the definition of loans and receivables. This category includes corporate bonds and government securities.

HTM investments are subsequently measured at amortized cost using the effective interest method subject to any impairment loss. Interest income is recognized under Investment and other income and expenses – net account in the statements of income.

(b) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Company recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables and HTM Investments

If there is objective evidence that an impairment loss on financial assets carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

Evidence of impairment is the age of the receivable and/or any financial difficulties of the counterparty. Allowances are set up on the net balance, meaning all balances related to the same counterparty are considered. The amount of the allowance is set up in relation to the time a receivable has been due and any financial difficulties of the counterparty and can be as high as the outstanding net balance.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in the statements of income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment is recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date of the impairment is reversed. The amount of the reversal is recognized in the statements of income.

Reclassification of AFS Financial Assets to HTM Investments

For a financial asset reclassified from AFS financial assets category to HTM investments, the Company shall reclassify the financial asset at its fair value on the date of reclassification which becomes its new amortized cost. Any previous gain or loss on that asset that has been recognized in other comprehensive income and any difference between the new amortized cost and maturity amount is amortized in profit or loss over the remaining life of the investments using the effective interest method similar to the amortization of a premium and a discount. This is presented as Revaluation reserves – HTM investments in the statements of changes in equity. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

(ii) *Carried at Fair Value – AFS Financial Assets*

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in statements of income – is reclassified from Revaluation reserves to statements of income as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in statements of income on equity instruments are not reversed through profit or loss. Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss is recognized.

(c) *Items of Income and Expense Related to Financial Assets*

All income and expenses, except for recognition and reversal of impairment loss on reinsurance balances receivable and reinsurance recoverable on reported losses, relating to financial assets that are recognized in the statements of income are presented as part of Investment and other income and expenses – net account. Provision for and reversal of impairment losses on reinsurance balances receivable and reinsurance recoverable on reported losses are presented at net as part of Impairment losses – net under General and administrative expenses account in the statements of income.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in the statements of income when earned, regardless of how the related carrying amount of financial assets is measured.

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(e) Fair Value Measurement of Financial Assets

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset measured at fair value has a bid price, then the Company measures assets and long positions at a bid price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2.5 *Deferred Acquisition Costs (DAC)*

Commissions are recognized as expense over the coverage period of the contracts using the 24th method [see Note 2.17(b)] except for DAC from modified co-insurance arrangements. The portion of the commissions that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as DAC and is presented in the Assets section of the statements of financial position. The net change in the account between each end of reporting periods are recognized as part of Commission expense under Commissions – net account in the statements of income.

For modified co-insurance arrangements, the related commissions are initially capitalized as DAC and amortized as Commission expense in the profit or loss throughout the term of the contract.

2.6 *Deferred Reinsurance Premiums (DRP)*

The ceded reinsurance premiums that pertain to the unexpired period of the contracts at the end of the reporting period are accounted for as DRP and presented in the Assets section of the statements of financial position. Subsequent to initial recognition, the amount is amortized using the 24th method [see Note 2.16(a)]. The net change in the account between each end of reporting periods are recognized in the statements of income under Movement in premium reserves – net.

2.7 *Reinsurance Recoverable on Reported Losses and Reinsurance Recoverable on Claims Reserves*

Reinsurance recoverable on reported losses and reinsurance recoverable on claims reserves represent the amount recoverable from retrocessionaires under retroceded contracts as their share on unpaid losses, including unreported losses and loss adjustment expenses, net of salvage of recoveries.

2.8 *Property and Equipment*

Property and equipment represent tangible items that are held for use in the Company's business operations or for administrative purposes and are expected to be used for more than one year. An item of property and equipment that qualifies for recognition as an asset shall be measured at its cost less any accumulated depreciation, and any accumulated impairment losses.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized, while expenditures for repairs and maintenance are charged to expense as incurred.

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

Condominium unit	40 years
Office improvements	10 years
Office furniture and equipment	5 years
Transportation equipment	5 years
Electronic data processing (EDP) equipment	5 years

The Company depreciates right-of-use (ROU) assets included as part of property and equipment on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term (see Note 2.18).

Fully depreciated assets are retained in the accounts until these are no longer in use. No further charge of depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included as part of Investment and other income and expenses – net account in the statements of income in the period the item is derecognized.

2.9 Other Assets

Other assets pertain to other present economic resources controlled by the Company as a result of past events. An economic resource is a right that has the potential to produce economic benefits and the asset has a cost or value that can be measured reliably. They may include the following accounts:

(a) Investment Properties

Investment properties are property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Except for land, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The cost of the investment properties comprise their purchase price and directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs.

Depreciation is computed using the straight-line basis over the estimated useful life of the property which is 10 years.

Transfers to, or from, investment properties shall be made when and only when there is a change in use or purpose for such property.

The carrying amount of investment properties is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.20).

Investment properties are derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of the investment properties are recognized in the statements of income in the period of retirement or disposal.

(b) Intangible Assets

Intangible assets include acquired software licenses which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of other considerations given up to acquire the asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over five years as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 2.20.

Acquired computer software licenses are capitalized on the cost incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized under Data, licenses and subscriptions and Repairs and maintenance as part of General and administrative expenses in the statements of income as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in the statements of income.

(c) Creditable Withholding Tax (CWT)

CWT mainly arises from taxes withheld by the ceding companies upon payment of reinsurance premiums to the Company.

CWT is recorded at cost. It can either be used to offset against future income tax liabilities or be claimed as a tax refund from the Bureau of Internal Revenue (BIR).

(d) Deferred CWT

Deferred CWT represents taxes to be withheld by the ceding companies upon payment of reinsurance premiums to the Company.

(e) Input Value-added Tax (VAT)

The input VAT pertains to the 12% tax paid by the Company on commissions and local purchases of goods or services.

The input VAT is recorded at cost. It is used to offset against output VAT due to the BIR. Excess input VAT is recorded under the Other assets – net account in the statements of financial position.

(f) Deferred Input VAT

Deferred input VAT pertains to the 12% tax arising from acquisition of capital assets exceeding P1.00 million. Deferred input VAT arising from capital assets is amortized to input VAT over the useful lives of the capital assets or 60 months, whichever is shorter.

(g) Deferred Withholding VAT

Deferred withholding VAT pertains to the unapplied input VAT on unpaid premiums from a certain government entity.

(b) Prepayments

Prepayments pertain to expenditure paid for in one (1) accounting period, but for which the underlying asset will not be consumed until a future period. When the asset is eventually consumed, it is charged to expense. If consumed over multiple periods, there may be a series of corresponding charges to expense.

2.10 Financial Liabilities

The Company classifies its financial liabilities at initial recognition into the following categories: financial liabilities at FVTPL and other liabilities. The Company determines the classification of its financial liabilities at initial recognition, and were allowed and appropriate, re-evaluates such designation at every reporting date.

Other financial liabilities pertain to financial liabilities that are not designated or classified at FVTPL. Other financial liabilities are initially measured at their fair value and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statements of income.

The Company's other financial liabilities include Reinsurance balances payable, Losses and claims payable (excluding Margin for Adverse Deviation (MfAD) and loss adjustment expenses) and Accounts payable and accrued expenses (excluding deferred output VAT, defined benefit liability and other taxes payable), are recognized when the Company becomes a party to an agreement and agrees to purchase goods or services for a fixed amount of money. All interest-related charges are recognized as part of Investment and other income and expenses – net account in the statements of income.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are derecognized from the statements of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, with the difference in the respective carrying amounts recognized in the statements of income.

Derivative financial instruments are classified under financial assets and financial liabilities at FVTPL when there is an agreement to settle both assets and liabilities independently. Derivative financial instruments are classified under financial assets or financial liabilities when there is an agreement to settle at net. Derivatives are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly to the statements of income and are included in Investment and other income and expenses – net account (see Note 21). The Company's outstanding derivative asset and liability arising from forward contracts are presented under HFT securities and Forward liability accounts, respectively, in the statement of financial position (see Notes 6).

2.11 Losses and Claims Payable and Claims Reserves

Losses and claims payable represent the present value of the estimated cost of all reported claims at the end of the reporting period, together with related claims handling costs and reduced for the expected value of salvage and other recoveries. This includes outstanding claim reserves, loss adjustment expenses payable plus MfAD based on a certain percentage of the total outstanding claim reserves and loss adjustment expenses payable to allow for inherent uncertainty of the best estimate of the policy reserves.

Claims reserves represent the estimated ultimate cost of all incurred but not reported claims (IBNR), including incurred but not enough reported claims plus MfAD at the end of the reporting period. Claims reserves are measured on a discounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amount recognized, which are reflected in losses and claims payable in the statement of financial position in the period in which they are determined.

2.12 Premium Reserves

Premium reserves refer to unearned premium reserves (UPR) plus any deficiency resulting from the liability adequacy test.

UPR refers to the portion of the premiums attributable to the unexpired risks at the balance sheet date and is recognized as revenue over the coverage period of the contracts using the 24th method [see Note 2.16(a)].

Liability Adequacy Test

Liability adequacy tests are performed at end of each reporting period, to ensure the adequacy of premium reserves. The test is performed by comparing the UPR, net of related DAC, and the present value of the current best estimates of future cash flows including claims handling and policy administration expenses. Any deficiency is charged to the statements of income and is recognized as premium reserves.

2.13 Deferred Reinsurance Commissions (DRC)

Commissions earned from retrocession contracts are recognized as revenue over the coverage period of the contracts using the 24th method [see Note 2.16(c)]. The portion of the commissions that relates to the unexpired periods of the contracts at end of the reporting period is accounted for as Deferred reinsurance commissions and is presented in the Liabilities section of the statements of financial position. The net change in the account between each end of reporting periods are recognized as Commission income under Commissions – net in the statements of income.

2.14 Accounts Payable and Accrued Expenses

These represent other liabilities which cannot be appropriately classified under the foregoing liability accounts. These comprise, among others, the following accounts:

(a) Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using pre-tax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

(b) Accounts payable and accrued expenses

Accounts payable represents balances due to suppliers or for the purchase of goods or services. This includes accrued expenses pertaining to accruals of outside services, utilities, uniforms, membership dues and meeting expenses and the related input VAT.

(c) Withholding tax payable

Withholding tax payable represents amounts payable to the local tax authority mainly arising from taxes withheld by the Company from its suppliers of goods and services.

(d) Dividends payable

Dividends payable represents cash dividends declared by the Company that remain unpaid as of reporting date.

(e) *Deferred Output VAT*

Deferred output VAT, presented as part of Accounts payable and accrued expenses, represents the 12% tax due on commission income on retroceded premiums and other goods based on amounts still to be collected from counterparties. Such amounts are still not due for remittance to the BIR until the receivables are collected.

2.15 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount is reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right to offset must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

Income and expenses are presented on a net basis only when permitted under PFRSs, such as in the case of any realized gains or losses arising from the Company's trading activities.

2.16 Revenue and Income Recognition

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised services to the customer. Expenses and costs, if any, are recognized in the statement of income upon utilization of the resources or services or at the date these are incurred. All finance costs are reported on an accrual basis.

The Company's significant revenues pertain to net reinsurance premiums and investment income which are accounted for by the Company in accordance with PFRS 4 and PAS 39, respectively. The Company also earns other income from sale of non-financial assets, which is recognized as income once the Company transferred the goods. These are accounted for by the Company in accordance with relevant accounting standards.

The following provides information about the specific recognition criteria of revenues recognized in accordance with PFRS 4 and PAS 39:

- (a) *Reinsurance premiums* – Reinsurance premiums are recognized as revenue when the Company enters into a contract with cedants assuming insurance risks in exchange for reinsurance premium. Reinsurance premiums include premiums reported by cedants and accrued premiums. The Company records accrued premiums on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

Reinsurance premiums are recognized over the coverage period of the contracts using the 24th method. The 24th method assumes that the average date of issue of all contracts written during any one month is the middle of that month. Accordingly, 1/24th of the net premiums are considered earned in the month the reinsurance contracts are issued and 2/24th for every month thereafter (or 1/24th for every 15-day period after the issue month). The portion of the gross reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Premium reserves and is presented in the Liabilities section of the statements of financial position while the portion of the retroceded reinsurance premiums that relates to the unexpired periods of the contracts at the end of the reporting period is accounted for as Deferred reinsurance premiums (see Note 2.6) and is presented in the Assets section of the statements of financial position.

Uncollected premiums net of deferred CWT and accrued premiums are recognized as due from ceding companies as part of Reinsurance balances receivable – net in the statements of financial position.

The net changes in the Premium reserves and Deferred reinsurance premiums accounts between the end of the reporting periods are recognized in the statements of income as part of Movement in premium reserves – net.

- (b) *Retroceded premiums* – Retroceded premiums are recognized as an expense when the Company enters into a contract with a retrocessionaire transferring insurance risks to the retrocessionaire in exchange for retroceded premiums. Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records accrued retroceded premiums based on individual retrocession treaties taking into consideration the terms of the treaty, historical experience and latest information relevant to the treaty.
- (c) *Commission on retrocession* – Commission is deferred and is subjected to the same amortization as the retroceded reinsurance premiums (see Note 2.13). Deferred portion is presented in the statements of financial position as Deferred reinsurance commissions.
- (d) *Interest income* – Interest income for all interest-bearing financial instruments are recognized using the effective interest rate method.
- (e) *Dividend income* – Revenue is recognized when the Company's right to receive the dividend is established.
- (f) *Gain on sale of assets* – Revenue is recognized when the risks and rewards of ownership of the investments have passed to the buyer or at a point in time when the control of the non-financial assets transfers to the customer.

Determining whether the Company is Acting as Principal or an Agent

The Company assesses its revenue arrangements against the following criteria to determine whether it is acting as a principal or an agent:

- whether the Company has primary responsibility for providing the services
- whether the Company has discretion in establishing prices; and
- whether the Company bears the credit risk.

If the Company has determined it is acting as a principal, the Company recognizes revenue on gross basis with the amount remitted to the other party being accounted as part of cost and expenses. If the Company has determined it is acting as an agent, only the net amount retained is recognized as revenue.

The Company has determined that it is acting as principal in its revenue arrangements.

2.17 Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distribution to equity participants.

(a) Claims and Losses Recognition

Share in claims and losses relating to insurance contracts are accrued when insured events occur. These arise from events that have occurred up to reporting date even if these have not yet been reported to the Company. The share in claims (including those for IBNR losses) are based on the estimated ultimate cost of settling the claims and are discounted for time value of money. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claims and losses resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period in which the estimates are changed or payments are made.

Share in recoveries on claims are evaluated in terms of the aggregate share of the retrocessionaire on the claims and losses and adjustment expenses of the Company on business retroceded under retrocession arrangements. Recoveries on paid, unpaid claims and claims reserves are recognized in the period the claims are made as Retrocessionaires' share in losses paid, Retrocessionaires' share in change in provision for claims reported and Retrocessionaires' share in change in provision for IBNR, respectively. The Retrocessionaires' share in losses paid and Retrocessionaires' share in change in provision for claims reported are presented under Share in reported losses – net while, Retrocessionaires' share in change in provision for IBNR is part of Share in unreported loss reserves – net in the statements of income. Uncollected balances are presented as part of Reinsurance balances receivable, Reinsurance recoverable on reported losses and Reinsurance recoverable on claims reserves accounts in the statements of financial position.

(b) Acquisition Costs

Costs that vary with and are primarily related to the acquisition of new and renewal reinsurance contracts, other than those related to modified co-insurance, such as commissions and certain underwriting costs, are recognized as expense over the period of the contracts using the 24th method. Unamortized acquisition costs are presented in the statements of financial position as Deferred acquisition costs (see Note 2.5).

(c) General and Administrative Expenses

Costs and expenses are recognized in the statements of income upon utilization of goods or services at the date they are incurred.

2.18 Leases – Company as Lessee

For any new contracts entered into, 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 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; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes an ROU asset and a lease liability in the statement of financial position. The ROU 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). Subsequently, the Company depreciates the ROU asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term (see Note 2.8). The Company also assesses the ROU asset for impairment when such indicators exist (see Note 2.20).

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement 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 include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised.

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 ROU asset, or profit and loss if the ROU asset is already reduced to zero.

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

On the statements of financial position, ROU assets and lease liabilities have been presented as part of Property and equipment – net and Accounts payable and accrued expenses, respectively.

2.19 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine peso. Foreign currency transactions during the period are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income as part of Investment and other income and expenses – net (see Note 21).

2.20 Impairment of Non-financial Assets

The Company's property and equipment, investment properties, intangible assets and other non-financial assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized in the statements of income for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value-in-use. In determining value-in-use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.21 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan.

(a) Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by two (2) trustees.

The asset/liability recognized in the statements of financial position for a defined benefit plan is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation (asset) is calculated annually by an independent actuary 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 as 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 statements of financial position 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, unless there is a plan amendment, curtailment or settlement during the reporting period.

The calculation also takes into account of 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 income under Investment and other income and expenses – net account in the statements of income.

Past service costs are recognized immediately in the statements of income in the period of plan amendment and curtailment.

(b) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days remaining at the end of the reporting period. These are included in the Accounts payable and accrued expenses account in the statements of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.22 Income Taxes

Tax expense recognized in the statements of income comprises the sum of final tax, current tax and deferred 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 and any adjustment to tax payable in respect of previous years. 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 current tax liabilities are recognized as a component of tax expense in the statements of income.

Deferred tax is accounted for using the asset-liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the asset-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 carryforward 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 deferred tax 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 liabilities and deferred tax assets 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 deferred tax liabilities are recognized as a component of tax expense in the statements of income, 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

2.23 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

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. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close member of the family of any such individual; and, (d) the Company's funded retirement plan.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly-listed Companies*, transactions amounting to ten percent (10%) or more of the total assets based on the latest audited financial statements that were entered into by the Company with related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets based on the latest audited financial statements, the same board approval would be required for the transaction(s) that meets and exceeds the materiality threshold covering the same related party.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.24 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise gains and losses due to the revaluation of AFS financial assets, unamortized fair value gains and losses from HTM investments, and remeasurements of defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the statements of income, reduced by the amounts of dividends declared. The appropriated portion of the retained earnings is intended as additional reserve for contingencies (see Note 24.2).

2.25 Earnings Per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of shares issued, adjusted for stock dividends and stock split, less shares held in treasury during the period.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.26 Segment Reporting

For purposes of segment reporting, the Company does not have other reportable segments. The Company has one reportable business segment which is the reinsurance market. The financial information about the sole business segment is presented in the financial statements.

The management monitors the operating results of its business segment for the purpose of making decisions about resource allocation and performance assessment. The segment performance is evaluated based on operating profit or loss and is measured consistently with the income before income tax in the financial statements.

2.27 Events After the End of the Reporting Period

Any event subsequent to the balance sheet date that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Events subsequent to the balance sheet date that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the judgments as presented below and in the succeeding pages, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Impairment of Financial Assets

(i) Financial Assets at Fair Value – AFS Financial Assets

The Company considers that investments are impaired when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is significant or prolonged decline requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share or market price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Based on the recent evaluation of information and circumstance affecting the Company's AFS financial assets, management concluded that decline in fair value of certain AFS financial assets amounting to P124.00 million is considered impairment in value as at December 31, 2022 (see Note 7). No impairment was noted as at March 31, 2023. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(ii) Financial Assets at Amortized Cost

The Company reviews its financial assets at amortized cost to assess impairment at least on an annual basis, or as the need arises due to significant movements on certain accounts. These financial assets that are individually significant are assessed to determine whether objective evidence of impairment exists on an individual basis, while those that are not individually significant are assessed for objective evidence of impairment either on an individual or on collective basis.

In determining whether an impairment loss should be recorded in the statements of income, the Company makes judgment as to whether there are any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets before the decrease can be identified with an individual financial asset in that portfolio.

As at March 31, 2023 and December 31, 2022, the Company has recognized allowance for impairment loss amounting to P619.62 million and P621.86 million, respectively (see Notes 5 and 12).

(b) *Classification of Financial Instruments*

The Company exercises judgment in classifying a financial instrument, or its component 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 or liability. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position. In addition, the Company classifies assets by evaluating among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether the quoted prices are readily and regularly available and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

As at March 31, 2023 and December 31, 2022, the Company classified its financial instruments as financial assets at FVTPL, AFS financial assets, HTM investments, loans and receivables, financial liabilities at FVTPL and other financial liabilities.

(c) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.14(a) and relevant disclosures are presented in Note 28.

3.2 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 amount of assets and liabilities within the next reporting period:

(a) *Impairment of Financial Assets Carried at Amortized Cost*

Management uses estimates based on historical loss experience for assets with credit risk characteristics. An adequate amount of allowance for impairment is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the counterparties, the counterparties' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The carrying value of reinsurance balances receivable, reinsurance recoverable on reported losses and the analysis of allowance for impairment on such financial assets are shown in Notes 5 and 12.

The carrying values of HTM investments and loans and receivables are shown in Notes 8 and 10, respectively.

(b) *Fair Value Measurement of HFT securities and AFS financial assets*

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The carrying value and the amounts of fair value changes recognized from the Company's HFT securities and AFS financial assets are disclosed in Notes 6 and 7.

(c) *Estimation of Useful Lives of Property and Equipment, Investment Properties and Intangible Assets*

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

The carrying amount of property and equipment is analyzed in Note 11, and of investment properties and intangible assets in Note 15. Based on management's assessment as at March 31, 2023 and December 31, 2022, there is no change in the estimated useful lives of those assets during these years. Actual results, however, may vary due to changes in estimates brought about by the changes in factors mentioned above.

(d) *Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in Note 2.20. Though management believes that the assumptions used in the estimation of fair value reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment was recognized on the Company's non-financial assets as at March 31, 2023 and December 31, 2022.

(e) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Any deferred tax asset will be remeasured if it might result to derecognition where the expected tax law to be enacted has a possible risk on the realization.

As at March 31, 2023 and December 31, 2022, the Company recognized net deferred tax assets amounting to P267.59 million and P264.79 million, respectively, as management has assessed that it is probable that sufficient taxable profit will be available to allow the benefit of the deferred tax assets to be utilized. However, unrecognized deferred tax assets amounted to P556.95 million and P548.02 million as at March 31, 2023 and December 31, 2022, respectively.

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

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

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

(g) *Valuation of Reinsurance Premiums*

Reinsurance premiums include premiums reported by cedants and accrued reinsurance premiums. The Company records accrued premiums based on a cedant-by-cedant basis taking into consideration the terms of the reinsurance treaty, historical experience and latest information from cedants.

The Company's accrued reinsurance premiums were recognized as part of Reinsurance premiums – net of returns in the statements of income.

(h) *Valuation of Retroceded Premiums*

Retroceded premiums include premiums reported to the retrocessionaires and accrued retroceded premiums. The Company records retroceded premiums based on individual retroceded treaties taking into consideration the terms of the retroceded treaty, historical experience and latest information relevant to the treaty.

The Company's accrued retroceded premiums were recognized as part of Retroceded premiums in the statements of income.

(i) *Valuation of Reinsurance Contract Liabilities*

The Company's Reinsurance contract liabilities are composed of premium liabilities and claim liabilities. Premium liabilities are the premium reserves while claim liabilities are equal to the present value of Losses and claims payable and Claims reserves accounts in the statements of financial position which include outstanding losses, IBNR losses, loss adjustment expenses payable plus the MfAD. Claim liabilities are discounted for the time value of money.

The Company estimates the present value of future cash flows, used in performing the liability adequacy test and in determining claims liabilities, through the use of historical claims experience and claims settlement patterns.

The principal assumption underlying the claim liability estimates is that the Company's future claims development will depend on the estimate of the ultimate loss during a period of time for a particular risk exposure and then estimate the percentage of this ultimate loss that was not reported as of the reporting date.

The Company's claim liability estimates, as ascertained by an independent actuary, are determined by calculating the estimated ultimate losses as the sum of reported losses plus IBNR losses. Ultimate losses were estimated using generally accepted actuarial methods such as the Chain Ladder Method, Bornhuetter-Ferguson Method and the Expected Loss Ratio Method. The Company also included MfAD as a percentage of the total outstanding losses, IBNR best estimate and loss adjustment expenses payable, to allow for inherent uncertainty of the best estimate of the policy reserves.

Additional qualitative judgments are used by the independent actuary to assess the extent to which the full tail of the claims development is influenced by the different factors, for example, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix and policy conditions. Judgment is further used to assess the extent to which external factors such as juridical decisions and government legislation affect the estimates.

As at March 31, 2023 and December 31, 2022, the carrying value of provision for claims reported and IBNR losses are recognized as Losses and claims payable and Claims reserves accounts, respectively, in the statements of financial position (see Note 18).

4. CASH AND CASH EQUIVALENTS

This account consists of:

	March 31, 2023	December 31, 2022
Cash on hand and in banks	P57,562	P86,866
Short-term placements	855,419	637,860
	P912,981	P724,726

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term placements include time deposits and special deposit accounts made for varying periods of up to three months depending on the liquidity requirements of the Company.

Interest income recognized from cash in banks and short-term placements amounting to P7.16 million in 2023 and P0.45 million in 2022 is presented as part of the Investment and other income and expenses – net account in the statements of income (see Note 21).

Peso short-term placements earn annual interest ranging from 4.10% to 5.95% in 2023 and 0.23% to 1.30% in 2022, while U.S. dollar short-term placements earn annual interest ranging from 1.00% to 4.95% in 2023 and 0.05% to 0.50% in 2022.

The Cash and cash equivalents account includes cash and short-term placements denominated in U.S. dollar amounting to \$6.09 million (P331.58 million) and \$3.63 million (P203.58 million) as at March 31, 2023 and December 31, 2022, respectively.

5. REINSURANCE BALANCES RECEIVABLE – NET

The details of this account are as follows:

	March 31, 2023	December 31, 2022
Due from ceding companies	P3,200,404	P2,996,839
Reinsurance recoverable on paid losses	539,459	569,146
Funds held by ceding companies	298,117	294,037
Due from reinsurers	1,060	1,060
	4,039,040	3,861,082
Allowance for impairment	(504,511)	(486,621)
	P3,534,529	P3,374,461

The movements in these accounts are as follows:

March 31, 2023					
<i>Notes</i>	Due from ceding Companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
Balance at beginning of period	P2,996,839	P569,146	P294,037	P1,060	P3,861,082
Loss recoveries during the period	-	35,725	-	-	35,725
Premiums written net of funds held during the period	1,079,434	-	-	-	1,079,434
Funds held during the period	-	-	11,683	-	11,683
Reclassification	68,222	(12,831)	(5,374)	-	50,017
Collections during the period	(928,111)	(50,239)	-	-	(978,350)
Foreign exchange revaluation	(15,980)	(2,342)	(2,229)	-	(20,551)
	3,200,404	539,459	298,117	1,060	4,039,040
Allowance for impairment	(158,185)	(345,241)	(25)	(1,060)	(504,511)
Balance at end of period	P3,042,219	P194,218	P298,092	P-	P3,534,529

December 31, 2022					
<i>Notes</i>	Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
Balance at beginning of year	P3,331,369	P376,040	P224,901	P1,060	P3,933,370
Loss recoveries during the year	-	661,366	-	-	661,366
Premiums written net of funds held during the year	3,958,436	-	-	-	3,958,436
Funds held during the year	-	-	750,208	-	750,208
Reclassification	857,883	9,348	(693,470)	-	173,761
Collections during the year	(5,129,422)	(485,155)	-	-	(5,614,577)
Foreign exchange revaluation	(21,427)	7,547	12,398	-	(1,482)
	2,996,839	569,146	294,037	1,060	3,861,082
Allowance for impairment	(163,492)	(322,044)	(25)	(1,060)	(486,621)
Balance at end of year	P2,833,347	P247,102	P294,012	P-	P3,374,461

The Company's collections of these reinsurance receivable include collections equivalent to underwriting costs and claims deducted by cedants from their statements of accounts.

Reinsurance balances receivables are reviewed for any indicators of impairment as of reporting date and allowance for impairment is recognized when necessary.

A reconciliation of the allowance for impairment at the beginning and end of March 31, 2023 and December 31, 2022 is as follows.

March 31, 2023					
	Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
Balance at beginning of period	P163,492	P322,044	P25	P1,060	P486,621
Additions (Reversals)	(5,190)	24,997	-	-	19,807
Revaluation	(117)	(1,800)	-	-	(1,917)
Balance at end of period	P158,185	P345,241	P25	P1,060	P504,511

	December 31, 2022					Total
	Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers		
Balance at beginning of year	P198,570	P311,557	P25	P1,060		P511,212
Additions (Reversals)	(35,451)	2,940	–	–		(32,511)
Revaluation	373	7,547	–	–		7,920
Balance at end of year	P163,492	P322,044	P25	P1,060		P486,621

The fair value of these short-term financial assets is not individually determined as the carrying amount is considered reasonable approximation of their fair value.

6. HELD-FOR-TRADING SECURITIES

This account is composed of the following:

	March 31, 2023	December 31, 2022
Equity securities	P256,105	P98,635
UITF	217,832	100,627
Forward asset	87,538	90,258
	P561,475	P289,520

Equity securities consist mainly of investment in companies listed in the PSE.

UITF is a collective investment scheme, wherein funds of investors are pooled together. Subscription and/or redemption to these UITFs are reflected through units of participation. This is managed by a professional fund manager and is invested in various underlying instruments, such as time deposits and government securities.

In December 29, 2022, the Company entered into a forward contract where the Company agreed to pay EUR 1.50 million in exchange for USD 1.61 million on June 27, 2023 to manage its exposure to foreign currency exchange rate fluctuations. As at March 31, 2023 and December 31, 2022, the Company recognized the following forward asset and liability:

	March 31, 2023	December 31, 2022
Forward asset	P87,538	P90,258
Forward liability	89,049	89,332

The net fair value losses on this forward contract amounted to P2.44 million in 2023 (nil in 2022) is recognized under Investment and other income and expenses – net in statements of income.

The details of the HFT securities are as follows:

	<i>Note</i>	March 31, 2023	December 31, 2022
Balance at beginning of period		P289,520	P-
Acquisitions		779,634	2,226,564
Disposals		(494,315)	(1,944,545)
Changes in fair value	<i>21</i>	(8,177)	(8,115)
Unrealized foreign currency gains (losses)		(5,187)	15,616
Balance at end of period		P561,475	P289,520

Dividend income earned from equities classified as HFT securities amounted to P4.35 million in 2023 and P1.15 million in 2022, respectively (see Note 21).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account is composed of the following:

	March 31, 2023	December 31, 2022
Debt securities	P4,241,481	P4,032,724
Equity securities - net	502,069	737,309
Investment in ARC shares	36,045	37,942
	P4,779,595	P4,807,975

Debt securities include investments in corporate bonds and government securities.

Debt securities earn interest at annual rates ranging from 2.38% to 8.63% in 2023, and 1.10% to 8.00% in 2022. Interest income amounting to P45.91 million in 2023 and P36.03 million in 2022 is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

The following presents the fair value of debt securities by contractual maturity dates:

	March 31, 2023	December 31, 2022
Due within one year	P1,196,374	P268,926
Due after one year through five years	2,191,082	2,764,361
Due after five years through ten years	854,025	999,437
	P4,241,481	P4,032,724

The balance of equity securities classified as AFS financial assets consists of:

	March 31, 2023	December 31, 2022
Cost:		
Quoted in the stock exchange	P472,560	P681,592
Not quoted in the stock exchange	10,834	14,745
	483,394	696,337
Unrealized foreign currency gains	1,016	1,438
Fair value gains (losses):		
Quoted in the stock exchange	20,003	43,997
Not quoted in the stock exchange	(2,344)	(4,463)
	17,659	39,534
	P502,069	P737,309

Equity securities consist mainly of investment in companies listed in the PSE.

Dividend income from these equity securities amounting to P7.92 million in 2023 and P11.64 million in 2022 is presented under the Investment and other income and expenses – net account in the statements of income (see Note 21).

The shares of ARC have been issued in the name of the Government of the Philippines (GoP) as the Philippine government’s participation in the joint undertaking of Asian countries to organize a reinsurance company that will service the needs of the region. The GoP assigned such shares, including any interest accruing thereon, to the Company.

The GoP designated the Company as the national institution authorized to subscribe and pay for the said shares of stock. The shares of stock of ARC, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets. The fair value of investment in ARC shares amounted to P36.05 million and P37.94 million as at March 31, 2023 and December 31, 2022, respectively.

The reconciliation of the carrying amount of AFS financial assets is as follows:

	<i>Notes</i>	March 31, 2023	December 31, 2022
Cost			
Balance at beginning of period		P4,910,901	P5,923,442
Acquisitions		560,526	2,316,303
Disposals/maturities		(612,703)	(3,213,267)
Impairment losses	<i>3</i>	–	(123,998)
Unrealized foreign currency gains (losses)		(10,515)	8,421
		4,848,209	4,910,901
Fair value adjustment			
Balance at beginning of period		(102,926)	29,228
Changes in fair value		61,498	(232,505)
Fair value gains on disposal	<i>21</i>	(27,186)	(23,647)
Impairment losses	<i>3</i>	–	123,998
		(68,614)	(102,926)
Balance at end of period		P4,779,595	P4,807,975

Fair value gains or losses recognized in the statements of comprehensive income amounted to fair value gains of P61.50 million in 2023 and fair value losses P20.86 million in 2022.

In 2017 and 2018, the Company reclassified certain investments classified under AFS financial assets to HTM investments amounting to P1.56 billion (see Note 8) and to Other assets amounting to P0.88 million.

The Company sold AFS financial assets with carrying amount of P612.70 million and P268.50 million for the three (3) months ended March 31, 2023 and 2022, respectively. Accordingly, the Company recognized gain on sale of AFS financial assets amounting to P27.19 million and P10.15 million in 2023 and 2022, respectively. These are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

Fair value gains reclassified to profit or loss, as presented in the statements of comprehensive income, amounted to P27.19 million and P10.15 million in 2023 and 2022, respectively (see Note 21).

The fair value of majority of the AFS financial assets has been determined directly by reference to published prices in active market (see Note 30.2).

8. HELD-TO-MATURITY INVESTMENTS

The following presents the carrying value of corporate bonds and government securities by contractual maturity dates:

	March 31, 2023	December 31, 2022
Due within one year	P376,722	P264,222
Due after one year through five years	1,899,354	2,041,053
Due after five years through ten years	797,520	695,454
More than ten years	74,763	57,795
	P3,148,359	P3,058,524

The reconciliation of the carrying amount of HTM investment is as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of period	P3,058,524	P2,390,758
Additions	119,607	949,056
Maturities	(30,500)	(284,449)
Amortization	765	3,159
Unrealized foreign currency losses	(37)	-
Balance at end of period	P3,148,359	P3,058,524

In May 2017, the Company's BOD approved the reclassification of certain investment in corporate bonds amounting to P1.09 billion previously classified as AFS financial assets to HTM investments due to change in intention to collecting interest coupons until maturity. New effective interest rates at the date of reclassification range from 2.36% to 6.24%.

In September 2018, the Company's BOD approved the reclassification of certain government securities from AFS financial assets to HTM investments amounting to P473.13 million with face value of P562.50 million (see Note 7). These are earmarked as security for the benefit of cedants and creditors of the Company in accordance with the provisions of the Insurance Code. The new effective interest rate at the date of reclassification is 7.13%.

As at March 31, 2023 and December 31, 2022, the fair value of the reclassified debt securities amounted to P0.68 billion and P0.67 billion, respectively, and the unamortized fair value gain that would have been recognized in other comprehensive income if the AFS financial assets had not been reclassified amounted to P9.95 million and P9.68 million for the periods ended March 31, 2023 and December 31, 2022, respectively.

The carrying amount of the reclassified debt securities amounted to P0.67 billion and P0.66 billion as at March 31, 2023 and December 31, 2022, respectively.

In 2023 and 2022, the Company recognized interest income on HTM investments amounting to P36.77 million and P27.02 million, respectively (see Note 21).

9. OTHER INVESTMENTS

As at March 31, 2023 and December 31, 2022, the Company's Other investments account amounted to P293.01 million and P442.29 million, respectively. This includes time deposits denominated in U.S. dollar amounting to \$5.31 million (P289.24 million) and \$7.81 million (P438.52 million).

Other investments consist of short-term placements with maturity periods of more than three (3) months but less than one (1) year.

Interest income recognized from other investments amounting to P4.07 million in 2023 and nil in 2022 is presented as part of the Investment and other income and expenses – net account in the statements of income (see Note 21).

Peso short-term placements earn annual interest of 5.25% in 2023 and 2022, while U.S. dollar short-term placements earn annual interest ranging from 3.05% to 4.65% in 2023 and 2022.

10. LOANS AND RECEIVABLES

This account is comprised of the following:

	March 31, 2023	December 31, 2022
Current:		
Loans and notes receivable	P5,203	P20,587
Dividend and interest receivable	63,821	60,957
	69,024	81,544
Non-current:		
Loans and notes receivable	4,216	4,665
	P73,240	P86,209

Loans and notes receivable include car loans extended to certain officers as part of their benefits. These loans are collected through salary deductions for a period of five years with an annual effective interest rate of 8.00%.

Interest income on Loans and notes receivable amounting to P0.12 million in 2023 and P0.08 million in 2022, is presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21).

The carrying value of these financial assets approximate their fair value as the interest rates approximate the prevailing market interest rates. No impairment loss was recorded for loans and receivables in 2023 and 2022.

11. PROPERTY AND EQUIPMENT – NET

A reconciliation of the carrying amount at the beginning and end of March 31, 2023 and December 31, 2022 of property and equipment is shown below.

March 31, 2023						
Note	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	Total
Cost						
Balance at beginning of period	P101,310	P25,241	P10,233	P23,478	P11,225	P171,487
Additions	–	–	–	592	–	592
Disposals/retirement	–	–	(286)	–	–	(286)
Balance at end of period	101,310	25,241	9,947	24,070	11,225	171,793
Accumulated Depreciation						
Balance at beginning of period	78,234	12,721	5,150	19,115	11,104	126,324
Depreciation	23 844	630	418	499	10	2,401
Disposals/retirement	–	–	(219)	–	–	(219)
Balance at end of period	79,078	13,351	5,349	19,614	11,114	128,506
Net Book Value	P22,232	P11,890	P4,598	P4,456	P111	P43,287

December 31, 2022						
	Condominium Unit	Office Improvements	Transportation Equipment	EDP Equipment	Office Furniture and Equipment	Total
Cost						
Balance at beginning of year	P101,310	P25,241	P12,000	P21,247	P11,225	P171,023
Additions	–	–	3,072	2,298	–	5,370
Disposals/retirement	–	–	(4,839)	(67)	–	(4,906)
Balance at end of year	101,310	25,241	10,233	23,478	11,225	171,487
Accumulated Depreciation						
Balance at beginning of year	74,857	10,198	7,073	17,008	9,846	118,982
Depreciation	3,377	2,523	1,402	2,127	1,258	10,687
Disposals/retirement	–	–	(3,325)	(20)	–	(3,345)
Balance at end of year	78,234	12,721	5,150	19,115	11,104	126,324
Net Book Value	P23,076	P12,520	P5,083	P4,363	P121	P45,163

The Company retired certain assets with book value of P0.07 million and P1.29 million for the three (3) months ended March 31, 2023 and 2022, respectively.

The original cost of fully depreciated property and equipment that are still in use amounted to P28.78 million and P25.06 million as at March 31, 2023 and December 31, 2022, respectively.

ROU assets capitalized are recognized as part of EDP Equipment. As at March 31, 2023 and December 31, 2022, ROU assets and Lease liabilities amounted to P0.16 million and P0.25 million, respectively.

In 2023 and 2022, depreciation associated with ROU assets amounted to P0.09 million.

12. REINSURANCE RECOVERABLE ON REPORTED LOSSES AND REINSURANCE RECOVERABLE ON CLAIMS RESERVES

The movement in the accounts are as follows:

	<i>Notes</i>	Reinsurance recoverable on reported losses	Reinsurance recoverable on claims reserves
March 31, 2023			
Balance at beginning of period		P3,040,368	P923,491
Claims reported during the period	22.1	54,126	-
Transferred to reinsurance recovered on paid losses	5, 22.1	(35,725)	-
Claims incurred but not reported, net of adjustments	22.2	-	52,216
Reclassification		4,805	-
Foreign exchange revaluation		(4,065)	-
		3,059,509	975,707
Allowance for impairment		(115,104)	-
Balance at end of period		P2,944,405	P975,707
<hr/>			
		Reinsurance recoverable on reported losses	Reinsurance recoverable on claims reserves
December 31, 2022			
Balance at beginning of year		P1,676,737	P912,031
Claims reported during the year		2,038,800	-
Transferred to reinsurance recovered on paid losses		(661,366)	-
Claims incurred but not reported, net of adjustments		-	11,460
Reclassification		(2,008)	-
Foreign exchange revaluation		(11,795)	-
		3,040,368	923,491
Allowance for impairment		(135,238)	-
Balance at end of year		P2,905,130	P923,491

All of the Company's reinsurance recoverable on reported losses and claims reserves have been reviewed for indicators of impairment. Certain reinsurance recoverable on reported losses was found to be impaired and provisions have been recorded accordingly.

The movement in the allowance for impairment with respect to Reinsurance recoverable on reported losses during the year is as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of period	P135,238	P99,444
Additions (reversals)	(19,807)	34,300
Foreign exchange revaluation	(327)	1,494
Balance at end of period	P115,104	P135,238

13. DEFERRED ACQUISITION COSTS

The movements in this account are as follows:

	<i>Note</i>	March 31, 2023	December 31, 2022
Balance at beginning of period		P701,341	P658,344
Cost deferred during the period		218,381	926,221
Cost recognized during the period	22.3	(208,388)	(883,224)
Balance at end of period		P711,334	P701,341

The amortization of deferred acquisition costs for the period is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 22.3).

14. DEFERRED REINSURANCE PREMIUMS

The movements in this account are as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of period	P606,068	P434,511
Premiums retroceded during the period	211,005	1,721,490
Premiums amortized during the period	(353,499)	(1,549,933)
Balance at end of period	P463,574	P606,068

The movements in deferred reinsurance premiums for the period are presented as part of Movement in premium reserves – net account in the statements of income.

15. OTHER ASSETS – NET

This account is composed of the following:

	March 31, 2023	December 31, 2022
Deferred tax assets – net	P267,591	P264,788
Input VAT	199,047	200,889
Receivable from BIR	53,065	53,065
Prepaid income tax	26,512	27,364
Deferred creditable tax	10,286	9,195
Deferred withholding VAT	9,203	9,203
Prepayments	8,844	8,046
Investment properties – net	3,705	3,705
Intangible assets – net	3,335	4,733
Deposit	687	687
Security fund	644	644
Deferred input VAT	248	292
Others	138	138
	583,305	582,749
Allowance for impairment	(209,633)	(209,633)
	P373,672	P373,116

As at March 31, 2023 and December 31, 2022, there is no change in the amount of allowance for impairment with respect to the balances disclosed above.

Receivable from BIR

Receivable from BIR account pertains to the amount collected by the BIR on April 20, 2022 in relation to the Final Decision on Disputed Assessment (FDDA) for VAT deficiency issued for the taxable year 2016.

Prepaid income tax

Prepaid income tax pertains to the overpayment of income tax from taxable year 2021 and creditable withholding taxes claimed in taxable years 2023 and 2022.

Prepayments

Prepayments pertain to software licenses and support maintenance costs and prepaid health and group life insurance premiums of the Company.

Investment Properties – net

Investment properties consist of land which are owned for capital appreciation. The carrying amount of investment properties as at March 31, 2023 and December 31, 2022 is P3.71 million.

The total estimated fair value based on the latest available selling price of the properties obtained by the Company amounted to P29.05 million and P29.00 million as at March 31, 2023 and December 31, 2022, respectively (see Note 30.4).

Intangible Assets

Intangible assets pertain to acquired computer software licenses used in operation and administration. The gross carrying amount and accumulated amortization of intangible assets as at March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023	December 31, 2022
Cost	P163,289	P163,289
Accumulated amortization	(159,954)	(158,556)
Balance at end of period	P3,335	P4,733

A reconciliation of the carrying amount at the beginning and end of March 31, 2023 and December 31, 2022 of intangible assets is shown below.

	March 31, 2023	December 31, 2022
Balance at beginning of period,		
net of accumulated amortization	P4,733	P10,501
Amortization	(1,398)	(5,768)
Balance at end of period,		
net of accumulated amortization	P3,335	P4,733

Security Fund

Security fund represents amount deposited with the IC, as required by the IC, and in instances of the Company becoming insolvent, can be used as payment for valid claims against the Company. The balance of the fund earns interest at rates determined by the IC annually.

Deferred Input VAT

Deferred input VAT pertains to VAT from the purchase of goods and services that are due to the suppliers as at reporting date.

16. REINSURANCE BALANCES PAYABLE

The details of this account are as follows:

	March 31, 2023	December 31, 2022
Due to retrocessionaires	P2,068,887	P1,977,981
Funds held for retrocessionaires	23,430	21,636
Due to cedant	22,254	97,606
	P2,114,571	P2,097,223

Due to retrocessionaires

Due to retrocessionaires represent unpaid premiums payable to the Company's retrocessionaires.

Funds held for retrocessionaires

Funds held for retrocessionaires represent portion of the reinsurance premium ceded to retrocessionaires, which were withheld by the Company in accordance with reinsurance agreements.

The Company's payments of these reinsurance liabilities are netted by the retrocessionaires' share in underwriting costs and losses paid.

The movements in these accounts are shown below.

	March 31, 2023			Total
	Due to retrocessionaires	Funds held for Retrocessionaires	Due to cedant	
Balance at beginning of period	P1,977,981	P21,636	P97,606	P2,097,223
Retroceded premiums net of funds held during the period	192,327	-	-	192,327
Funds held during the period	-	18,678	-	18,678
Funds released during the period	19,018	(19,018)	-	-
Reclassification	119,877	2,136	(75,302)	46,711
Payments made during the period	(236,316)	-	-	(236,316)
Foreign exchange revaluation	(4,000)	(2)	(50)	(4,052)
Balance at end of period	P2,068,887	P23,430	P22,254	P2,114,571

	December 31, 2022			Total
	Due to retrocessionaires	Funds held for retrocessionaires	Due to cedant	
Balance at beginning of year	P1,554,687	P20,460	P21,927	P1,597,074
Retroceded premiums net of funds held during the year	1,690,093	-	-	1,690,093
Funds held during the year	-	31,397	-	31,397
Funds released during the year	30,243	(30,243)	-	-
Reclassification	30,063	-	75,513	105,576
Payments made during the year	(1,336,014)	-	-	(1,336,014)
Foreign exchange revaluation	8,909	22	166	9,097
Balance at end of year	P1,977,981	P21,636	P97,606	P2,097,223

17. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account includes the following:

	<i>Note</i>	March 31, 2023	December 31, 2022
Accounts payable and accrued expenses		P179,979	P169,570
Deposit liability		96,653	96,742
Deferred output VAT		25,612	27,441
Defined benefit liability		5,045	2,006
Withholding taxes payable		2,802	4,730
Dividends payable	<i>24.3</i>	1,696	2,543
		P311,787	P303,032

Accounts payable represent balances due to suppliers or for the purchase of goods or services. This includes accrued expenses pertaining to accruals of professional fees, outside services, utilities, uniforms, membership dues and meeting expenses and the related input VAT.

In February 13, 2020, the Company entered into an ordinary life coinsurance agreement with a ceding company for its specific in-force block of business, where it assumed a share of the gross premium in return for a proportionate share of the coverage of all benefits. An initial consideration of P211.10 million was transferred to the Company representing the statutory reserves of the underlying contracts. As the related insurance risk of the underlying contracts were not considered significant, this contract was accounted for as a Deposit liability. The statutory reserves are measured based on the assumptions consistent with the Life's valuation standards set by the IC.

Movements resulting from the remeasurement of the statutory reserves are recognized as Movement in deposit liability as reported under Investment and other income and expenses – net account (see Note 21). As at March 31, 2023 and December 31, 2022, the statutory reserves amounted to P96.65 million and P96.74 million, respectively.

Deferred output VAT pertains to VAT from the sale of goods and services that are still outstanding as at end of period. These amounts are not due for remittance to the BIR until the receivables are collected.

Other than the statutory reserves discussed above, the Management considers the carrying amount of accounts payable and accrued expenses recognized in the statements of financial position to be a reasonable approximation of their fair value due to their short duration.

18. LOSSES AND CLAIMS PAYABLE AND CLAIMS RESERVES

Losses and claims payable and claims reserves are losses due to ceding companies under reinsurance agreements inclusive of reserves for IBNR losses, loss adjustment expenses payable and MfAD as shown below.

March 31, 2023	<i>Notes</i>	Losses and Claims Payable	Claims Reserves
Balance at beginning of period		P5,717,380	P2,825,811
Claims incurred during the period – net	22.1	169,656	–
Claims incurred but not reported, net of adjustments	22.2	–	353,186
Reclassification		(42,195)	–
Claims paid during the period	22.1	(159,019)	–
Foreign exchange revaluation		(35,648)	–
Balance at end of period		P5,650,174	P3,178,997

December 31, 2022		Losses and Claims Payable	Claims Reserves
Balance at beginning of year		P4,214,836	P3,102,939
Claims incurred during the year – net		4,264,234	–
Claims incurred but not reported, net of adjustments		–	(277,128)
Reclassification		66,177	–
Claims paid during the year		(2,893,475)	–
Foreign exchange revaluation		65,608	–
Balance at end of year		P5,717,380	P2,825,811

19. PREMIUM RESERVES

The movements in Premium reserves are as follows:

	March 31, 2023	December 31, 2022
Balance at beginning of period	P1,692,288	P1,533,329
Premium written during the period	1,091,117	4,708,644
Premiums earned during the period	(1,044,776)	(4,549,685)
Balance at end of period	P1,738,629	P1,692,288

The movements in premiums reserves for the period are presented as part of Movement in premium reserves – net account in the statements of income.

20. DEFERRED REINSURANCE COMMISSIONS

The movements in Deferred reinsurance commissions are as follows:

	<i>Note</i>	March 31, 2023	December 31, 2022
Balance at beginning of period		P12,536	P9,242
Income deferred during the period		3,265	59,808
Income recognized during the period	<i>22.3</i>	(9,937)	(56,514)
Balance at end of period		P5,864	P12,536

The amortization of deferred reinsurance commissions for the period is presented as part of Commissions – net under Underwriting deductions in the statements of income (see Note 22.3).

21. INVESTMENT AND OTHER INCOME AND EXPENSES – NET

The details of this account are as follows:

	<i>Notes</i>	March 31, 2023	March 31, 2022
Interest income (expense):			
Cash and cash equivalents	<i>4</i>	P7,163	P450
AFS financial assets	<i>7</i>	45,905	36,034
HTM investments	<i>8</i>	36,771	27,023
Other investments	<i>9</i>	4,066	–
Loans and receivables	<i>10</i>	123	84
Others		(45)	449
Gain on sale of AFS	<i>7</i>	27,186	10,151
Dividend income	<i>6, 7</i>	12,268	12,789
Foreign currency gains (losses)		(17,719)	4,543
Fair value gains (losses) on HFT securities	<i>6</i>	(8,177)	3,195
Fair value losses from forward contract	<i>6</i>	(2,436)	–
Movement in deposit liability	<i>17</i>	(1,737)	1,407
Other charges		(3,187)	(3,703)
		P100,181	P92,422

22. UNDERWRITING DEDUCTIONS

The accounts below represent the aggregate amount of the Company's share in net losses and claims relative to its acceptances under reinsurance agreements.

22.1 Share in Reported Losses – Net

	<i>Notes</i>	March 31, 2023	March 31, 2022
Gross claims paid	18	P159,019	P600,725
Retrocessionaires' share in losses paid	5, 12	(35,725)	(148,888)
Gross change in provision for claims reported	18	10,637	679,281
Retrocessionaires' share in change in provision for claims reported	12	(18,401)	(280,965)
		P115,530	P850,153

22.2 Share in Loss Reserves – Net

	<i>Notes</i>	March 31, 2023	March 31, 2022
Gross change in provision for IBNR	18	P353,186	(P63,458)
Retrocessionaires' share in change in provision for IBNR	12	(52,216)	(412,385)
		P300,970	(P475,843)

22.3 Commissions – Net

This account consists of the following:

	<i>Notes</i>	March 31, 2023	March 31, 2022
Commission expense	13	P208,388	P208,313
Commission income	20	(9,937)	(9,134)
		P198,451	P199,179

Commission expense refers to the amortized portion of the fees deducted by ceding companies from reinsurance premiums assumed under reinsurance agreements, while commission income pertains to the amortization for the period of the fees charged by the Company related to reinsurance premiums retroceded under retrocession agreements.

23. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account are as follows:

	<i>Notes</i>	March 31, 2023	March 31, 2022
Salaries and employee benefits	23.1	P44,826	P40,405
Professional fees		5,258	2,958
Data, licenses and subscriptions		4,493	5,946
Depreciation and amortization	11, 15	3,799	3,944
Taxes, licenses and fees		2,646	2,385
Repairs and maintenance		1,644	2,364
Outsourced functions		1,582	1,653
Dues and fees		1,470	805
Communication and postages		694	922
Light and water		363	317
Advertising and publicity		340	298
Insurance		263	193
Printing and office supplies		132	40
Meetings, conferences and conventions		119	28
Representation and entertainment		72	14
Rentals	28.1	45	43
Miscellaneous		1,241	1,887
		P68,987	P64,202

Professional Fees

Professional fees are the expenses charged for external services engaged such as consultancy, external audit, legal and actuarial services.

Data, Licenses and Subscriptions

Data, licenses and subscriptions are the amortized portion of subscriptions paid for the use of various computer licensed software.

Taxes, Licenses and Fees

Taxes, licenses and fees consists of payments made for the local and national taxes, business permits and licenses.

23.1 Salaries and Employee Benefit Expense

The details of salaries and employee benefits are presented below.

	March 31, 2023	March 31, 2022
Short-term employee benefits	P41,823	P37,453
Post-employment defined benefits	3,003	2,952
	P44,826	P40,405

24. EQUITY

The Company's equity is composed of the following:

	<i>Note</i>	March 31, 2023	December 31, 2022
Capital stocks		P2,181,955	P2,181,955
Additional paid-in capital		3,019,218	3,019,218
Treasury shares	<i>24.1</i>	(100,525)	(100,525)
Revaluation reserves		(183,723)	(221,815)
Retained earnings		809,168	721,581
		P5,726,093	P5,600,414

24.1 Capital Stock

As at March 31, 2023 and December 31, 2022, the Company has authorized shares of 3,000,000,000 and has issued and outstanding shares amounting to P2.08 billion net of treasury shares, which is divided into 2,123,605,600 shares with a par value of P1 per share.

On April 27, 2007, the Philippine Securities and Exchange Commission (SEC) approved the listing of the Company's shares totalling 741,902,600. The shares were initially issued at an offer price of P3.80 per share.

As at March 31, 2023 and December 31, 2022, there are 268 and 269 holders of the listed shares, respectively. Such listed shares closed at P0.56 and P0.58 per share as at those dates, respectively.

As at March 31, 2023 and December 31, 2022, total treasury shares amounted to P100.53 million representing 58,349,000 shares. There were no treasury stock transactions in 2023 and 2022.

24.2 Appropriation for Special Reserve

In 1989, the BOD approved the establishment of a special reserve for extraordinarily high loss occurrences or severe catastrophic losses. As such, 10% of profit is set aside as special reserve provided there is no deficit. For the periods ended March 31, 2023 and December 31, 2022, the Company appropriated nil and P5.57 million, respectively, for special reserve.

24.3 Retained Earnings

There was no declaration of cash dividends in 2023 and 2022. The total outstanding dividends payable amounted to P1.70 million and P2.54 million as at March 31, 2023 and December 31, 2022, respectively. These are presented as Dividends payable under Accounts payable and accrued expenses account in the statements of financial position (see Note 17).

The Company's retained earnings are restricted to the extent of the cost of the treasury shares as of the end of the reporting periods.

25. RELATED PARTY TRANSACTIONS

The Company's related parties include its stockholders, related parties under common ownership, retirement plan and the Company's key management personnel with which the Company had transactions as described below and in the succeeding pages.

25.1 Reinsurance Contracts with Related Parties

The Company accepts and cedes insurance business under various reinsurance contracts with related parties. The details of which are presented as follows:

	March 31, 2023		March 31, 2022	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Premiums	P-	P61,817	P-	P70,521
Retroceded premiums	-	-	-	-
Commission expense	-	5,064	-	8,191
Losses incurred	1,491	9,175	44	85,721
Loss recoveries (reversal)	(4,235)	-	2	-

The outstanding balance of the Reinsurance balances receivable from and payable to related parties as at March 31, 2023 and December 31, 2022 are presented as follows:

	March 31, 2023		December 31, 2022	
	Stockholders	Related Parties Under Common Ownership	Stockholders	Related Parties Under Common Ownership
Due from ceding companies	P194	P148,528	P113	P147,806
Funds held by ceding companies	-	6,504	-	-
Funds held for retrocessionaires	1	-	1	-
Reinsurance recoverable on reported losses	2,095	-	6,331	-
Losses and claims payable	146,761	782,198	145,545	782,312
Due to (from) retrocessionaires	(1,164)	6,977	3	7,235

The balances discussed above are non-interest bearing, unsecured and is common for all reinsurance agreements regardless of whether the counterparties are related or unrelated to the Company. Premiums receivable, premiums payable and the related commission income/expense are expected to be settled in cash in accordance with the underlying reinsurance contracts. Claims payable and claims recoverable are expected to be settled in cash when the insured/reinsured party has fully substantiated the underlying claim. The allowance for impairment recognized under Due from ceding companies amounted to P70.39 million and P74.75 million as at March 31, 2023 and December 31, 2022, respectively.

25.2 Other Transactions

The Company's other transactions with related parties are presented as follows:

		March 31, 2023		December 31, 2022	
		Amount of Transactions	Outstanding Balance	Amount of Transactions	Outstanding Balance
Stockholder:					
Cash and cash equivalents	(a)	(P91,524)	P12,874	P62,290	P104,398
HFT securities	(b)	86,278	186,708	85,923	102,397
AFS financial assets	(b)	(16,131)	23,551	(38,289)	44,399
HTM investments	(b)	–	–	(50,000)	–
Interest income – cash and cash equivalents	(a)	42	–	79	36
Interest income – bonds	(b)	–	–	534	–
Dividend income – HFT securities	(b)	381	381	67	–
Dividend income - AFS financial assets	(b)	1,611	1,611	1,144	–
Other expenses	(c)	5	–	63	–
Related Party Under Common Ownership:					
Cash and cash equivalents	(a)	(91,802)	276,063	51,679	367,865
HFT securities	(b)	42,003	138,969	96,058	100,210
AFS financial assets	(b)	(44,000)	126,502	(55,102)	185,308
HTM investments	(b)	(584)	607,664	444,241	608,248
Other investments	(a)	(30,089)	69,083	99,172	99,172
Forward liability	(b)	–	89,049	89,695	89,332
Interest income – cash and cash equivalents	(a)	5,075	–	–	–
Interest income – bonds	(b)	5,403	6,864	5,405	–

(a) Cash and Cash Equivalents

The Company maintains several savings, time deposits (including those with original maturity of more than three (3) months but less than one year and are classified as Other investments) and current accounts with a stockholder and related party under common ownership. Interest income recognized is presented as part of Interest income under Investment and other income and expenses – net account in the statements of income (see Note 21).

(b) Investments

The Company has investment in shares of stock with a stockholder, and fixed income securities, forward contracts, and UITF investments with related parties under common ownership classified as HFT securities, AFS financial assets, HTM investments and Forward liability. Relative to these transactions, the Company recognized dividend income, interest income, Gain on sale of AFS, Fair value losses on HFT securities, and Fair value losses from forward contract which are presented as part of Investment and other income and expenses – net account in the statements of income (see Note 21), while accrued interest on HTM investments is presented as part of Loans and receivables in the statements of financial position (see Note 10).

(c) *Investment Management and Custodianship*

The Company has entered into “Investment Management Agreement” and “Custodianship Agreement” with related parties under common ownership for the management and custodianship of certain investible funds of the Company subject to terms and conditions in the said agreements. In consideration for the services rendered, the Company pays the related parties under common ownership service fees equivalent to a certain percentage of the market value of the investments.

The total service fees paid is charged against Other charges under Investment and other income and expenses – net account in the statements of income (see Note 21).

25.3 *Investment Management of Retirement Fund*

The Company has existing “Retirement Fund Investment Management Agreement” with related parties under common ownership for the management of the investments of the Company’s retirement funds subject to the terms and conditions in the said agreement. The retirement fund does not hold any security issued by the Company as at March 31, 2023 and December 31, 2022.

25.4 *Key Management Personnel Compensation*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including director, whether executive or otherwise, of the Company.

The compensation of key management personnel is presented as follows:

	March 31, 2023	March 31, 2022
Short-term benefits	P12,171	P7,291
Post-employment defined benefit	1,066	762
	P13,237	P8,053

26. SOLVENCY

Under the Amended Insurance Code, an insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital, and net worth requirements as prescribed by the IC Commissioner. Such solvency requirements shall be based on internationally accepted solvency frameworks and adopted only after due consultation with the insurance industry associations.

Whenever the aforementioned requirement is found to be less than the required to be maintained, the IC Commissioner shall direct the Company to make good any such deficiency by cash, to be contributed by all stockholders of record in proportion with their respective interests, and paid to the treasurer of the Company, within 15 days from receipt of the order. Provided, that the Company in the interim shall not be permitted to take any new risk of any kind or character unless and until it makes good any such deficiency.

In case that a stockholder pays the contribution due from another stockholder by reason of failure or refusal of the latter to do so, shall have a lien on the certificates of stock of the Company appearing in its books in the name of the defaulting stockholder on the date of default, as well as on any interests or dividends that have accrued or will accrue to the said certificates of stocks, until the corresponding payment or reimbursement is made by the defaulting stockholder.

27. EARNINGS PER SHARE

The earnings per share are presented as follows:

	March 31, 2023	March 31, 2022
Net profit available to common shareholders	P87,587	P81,204
Divided by the average number of outstanding common shares (in thousands)	2,123,606	2,123,606
	P0.041	P0.038

Diluted earnings per share is not determined since the Company does not have dilutive shares as at March 31, 2023 and 2022.

28. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

28.1 Lease Commitments – Company as Lessee

The Company is a lessee under various leases covering warehouse and parking lots having a term of one year with renewal options. The future minimum rentals payable under this non-cancellable operating lease as at March 31, 2023 and December 31, 2022 is P0.65 million and P0.26 million, respectively, which is payable not later than one year.

Rental expense recognized amounted to P0.05 million and P0.04 million in 2023 and 2022, respectively, and is presented in the statements of income as Rentals under General and administrative expenses (see Note 23).

28.2 Legal Claims

The Company is currently involved in various legal proceedings. In consultation with the legal counsel, the related risk has been analyzed as to likelihood of occurrence and amount of future obligation. The Company believes that the outcome of these proceedings as at March 31, 2023 and December 31, 2022 will not have a material adverse effect on the Company's financial position.

28.3 Deficiency Tax Assessments

The Company received the FDDA and Formal Letter of Demand (FLD) for the following taxable periods:

FDDA:

- a. July 1, 2012 to December 31, 2012
- b. January 1, 2016 to December 31, 2016
- c. January 1, 2017 to December 31, 2017

FLD:

- a. January 1, 2018 to December 31, 2018

These assessments are in pursuant to which the BIR has sought to investigate the tax periods identified against the Company and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. Pursuant to the Company's policy of addressing such actions and in line with prudent business practice, the Company has engaged tax counsel in relation to these matters.

As at March 31, 2023 and December 31, 2022, management believes that there is no probable reason that a material outflow of resources will be required, in excess of what has already been provided as provision, considering the merits of the Company's protest and the sufficiency and validity of the documents submitted to the local tax authorities to support the Company's position.

28.4 Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. Management believes that losses as at March 31, 2023 and December 31, 2022, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

29. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

29.1 Comparison of Carrying Amounts and Fair Values

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

	Notes	March 31, 2023		December 31, 2022	
		Carrying Values	Fair Values	Carrying Values	Fair Values
Financial assets:					
Loans and receivables:					
Cash and cash equivalents	4	P912,981	P912,981	P724,726	P724,726
Reinsurance balances receivable - net	5	3,534,529	3,534,529	3,374,461	3,374,461
Other investments	9	293,006	293,006	442,292	442,292
Loans and receivables	10	73,240	73,240	86,209	86,209
Reinsurance recoverable on reported losses - net	12	2,511,214	2,511,214	2,477,807	2,477,807
		P7,324,970	P7,324,970	P7,105,495	P7,105,495
HFT securities:					
Equity securities		P256,105	P256,105	P98,635	P98,635
UITF		217,832	217,832	100,627	100,627
Forward assets		87,538	87,538	90,258	90,258
	6	P561,475	P561,475	P289,520	P289,520
AFS financial assets:					
Debt securities		P4,241,481	P4,241,481	P4,032,724	P4,032,724
Equity securities – net		502,069	502,069	737,309	737,309
Investment in ARC shares		36,045	36,045	37,942	37,942
	7	P4,779,595	P4,779,595	P4,807,975	P4,807,975
HTM investments	8	P3,148,359	P3,108,268	P3,058,524	P2,971,539
Financial liabilities:					
Reinsurance balances payable	16	P2,114,571	P2,114,571	P2,097,223	P2,097,223
Forward liability	6	89,049	89,049	89,332	89,332
Accounts payable and other accrued expenses*	17	278,328	278,328	268,855	268,855
Losses and claims payable	18	4,988,067	4,988,067	5,056,541	5,056,541
		P7,470,015	P7,470,015	P7,511,951	P7,511,951

* Excluding taxes payable and defined benefit liability.

Due to the short-term duration, management considers the carrying value of the Company's loans and receivables and financial liabilities at amortized cost approximate their fair value as at the end of the reporting periods.

29.2 Offsetting of Financial Assets and Financial Liabilities

For financial assets and financial liabilities, subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties, including related parties, allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

30. FAIR VALUE MEASUREMENT AND DISCLOSURES

30.1 Fair Value Hierarchy

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

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

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

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

30.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Company's financial assets measured at fair value in the statements of financial position on a recurring basis (amounts in thousands).

	<i>Notes</i>	Level 1	Level 2	Level 3	Total
March 31, 2023					
HFT securities	6	P473,937	P87,538	P–	P561,475
AFS financial assets	7	4,735,060	2,600	41,935	4,779,595
Forward liability	6	–	89,049	–	89,049
December 31, 2022					
HFT securities	6	P199,262	P90,258	P–	P289,520
AFS financial assets	7	4,759,752	2,649	45,574	4,807,975
Forward liability	6	–	89,332	–	89,332

The movements of the AFS financial assets classified under Level 3 in the fair value hierarchy is shown below:

	March 31, 2023	December 31, 2022
Balance at beginning of period	P45,574	P41,960
Fair value gains	1,118	941
Disposals	(3,911)	–
Foreign currency gains (losses)	(846)	2,673
Balance at end of period	P41,935	P45,574

There has been no transfer between levels in 2023 and 2022.

Described below are the information about how the fair value of the Company's classes of financial assets are determined.

a) *Equity securities*

As at March 31, 2023 and December 31, 2022, instruments included in Level 1 comprise equity securities classified as HFT securities and AFS financial assets. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period.

Golf club shares classified as AFS financial assets are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, investment in equity securities held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the private company's book value using the most recent available financial data. The estimated fair value will increase (decrease) if the book value increases (decreases).

b) *Debt securities*

The fair value of the Company's debt securities, which consist of government and corporate bonds, is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

c) *UITF*

The fair value of the Company's UITF which is classified as money market funds and consist of units of participation on the Fund's investments in short-term fixed income instruments consisting of time deposits and government securities with tenors of less than one year is estimated by reference to the net asset value published by the fund managers and is categorized within Level 1.

d) *Forward asset and liability*

The fair value of the Company's forward asset and liability is estimated by reference to the foreign exchange rate published by the Bangko Sentral ng Pilipinas at the end of the reporting period and is categorized within Level 2.

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

The tables below summarize the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed.

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
March 31, 2023					
Financial assets:					
Cash and cash equivalents	4	P912,981	P-	P-	P912,981
Reinsurance balances receivable - net	5	-	-	3,534,529	3,534,529
HTM investments	8	3,108,268	-	-	3,108,268
Other investments	9	293,006	-	-	293,006
Loans and receivables	10	-	-	73,240	73,240
Reinsurance recoverable on reported losses - net	12	-	-	2,511,214	2,511,214
		P4,314,255	-	P6,118,983	P10,433,238
Financial liabilities:					
Reinsurance balances payable	16	P-	P-	P2,114,571	P2,114,571
Accounts payable and other accrued expenses*	17	-	-	278,328	278,328
Losses and claims payable	18	-	-	4,988,067	4,988,067
		P-	P-	P7,380,966	P7,380,966

* Excluding taxes payable and defined benefit liability

	<u>Notes</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022					
Financial assets:					
Cash and cash equivalents	4	P724,726	P-	P-	P724,726
Reinsurance balances receivable - net	5	-	-	3,374,461	3,374,461
HTM investments	8	2,971,539	-	-	2,971,539
Other investments	9	442,292	-	-	442,292
Loans and receivables	10	-	-	86,209	86,209
Reinsurance recoverable on reported losses - net	12	-	-	2,477,807	2,477,807
		P4,138,557	P-	P5,938,477	P10,077,034
Financial liabilities:					
Reinsurance balances payable	16	P-	P-	P2,097,223	P2,097,223
Accounts payable and other accrued expenses*	17	-	-	268,855	268,855
Losses and claims payable	18	-	-	5,056,541	5,056,541
		P-	P-	P7,422,619	P7,422,619

* Excluding taxes payable and defined benefit liability

For financial assets other than HTM investments, management considers that the carrying amount of those short-term financial instruments approximate their fair value.

30.4 Fair Value Measurement for Non-financial Assets

The Company used market comparable approach as a valuation technique in measuring the fair value of its investment properties to arrive at fair value that is more representative of the investment properties' highest and best use. As at March 31, 2023 and December 31, 2022, the fair value of the investment properties is P29.05 million and P29.00 million, respectively, and is classified under Level 3 of the fair value hierarchy (see Note 15). The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are (a) to ensure the Company's ability to continue as a going concern; and, (b) to provide an adequate return to shareholders by complying with the capital requirements and limitation enforced by the IC and by aligning the Company's operational strategy to its corporate goals. The capital requirements and limitations are as follows:

31.1 Minimum Capitalization

Under Section 289 of the RA No. 10607 (The New Insurance Code), any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least P3,000,000,000 paid in cash of which at least 50% is paid-up capital and the remaining portion thereof is contributed surplus, which in no case shall be less than P400,000,000 or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the IC Commissioner.

The IC issued Circular Letter (CL) No. 2015-02-A dated January 13, 2015, to clarify the minimum capitalization requirements under Sections 194, 197, 200 and 289 of RA No. 10607. Under the said CL, all existing reinsurance companies authorized to transact solely reinsurance business must have a net worth of at least P2.5 billion by December 31, 2019 and shall increase to P3.0 billion by December 31, 2022. The minimum net worth of the said companies shall remain unimpaired at all times.

As at March 31, 2023 and December 31, 2022, the Company has complied with the minimum capital requirements.

31.2 Risk-Based Capital Requirements

As per IC CL No. 2016-68, Amended Risk-Based Capital (RBC2) Framework, all insurance companies must satisfy the annual minimum statutory RBC Ratio set at 100%. RBC ratio is computed by dividing the Company's Total Available Capital (TAC) by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2, minus deductions, subject to applicable limits and determinations. Tier 1 capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis and is considered to be the highest quality capital available to the insurer. Tier 2 refers to capital not having the same high quality characteristics of Tier 1, but can provide additional buffer to the insurer. RBC requirement or the total required capital of an insurance company is the capital that is required to be held appropriately to the risks an insurance company is exposed to.

As at March 31, 2023 and December 31, 2022, the Company has complied with the risk-based capital requirements.

31.3 Limitation on Dividend Declaration

The Company's BOD is authorized to declare dividends. A cash dividend declaration does not require any further approval from the stockholders. However, a stock dividend declaration requires further approval of the stockholders holding or representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as and at such times as the BOD may determine and in accordance with law.

The Insurance Commission, under Circular Letter No. 2021-02, dated January 7, 2021, provides that all regulated entities authorized to do business in the Philippines shall meet the following regulatory measures at all times, without regulatory relief, and which shall be duly attested by the President and Treasurer of the company, before declaration and/or distribution of dividends out of the unrestricted retained earnings:

- unimpaired paid-up capital stock;
- the net worth requirements as prescribed by Circular Letter (CL) No. 2015- 02-A and Section 194 of the Amended Insurance Code;
- the solvency requirements defined by Section 200 of the Amended Insurance Code;
- in the case of life insurance companies, the legal reserve fund required by Section 217;
- in the case of corporations other than life, the legal reserve fund required by Section 219; and
- a sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes.

The Company is required to report such dividend declaration or distribution to the IC within 30 days from the date of such declaration.

Moreover, the SEC, through its Memorandum Circular 11 dated December 5, 2008 has set guidelines in determining the appropriate amount of Retained Earnings available for dividend distribution. This shall be based on the net profit for the year based on the audited financial statements, adjusted for unrealized items which are considered not available for dividend declaration.

These unrealized items consist of the following:

- share/equity in net income of the associate or joint venture;
- unrealized foreign currency gains, except those attributable to cash and cash equivalents;
- unrealized actuarial gains arising from the exercise of the option of recognizing actuarial gains or losses directly to the statements of comprehensive income;
- fair value adjustment arising only from marked-to-market valuation which are not yet realized;
- the amount of deferred tax asset that reduced the amount of income tax expense;
- adjustment due to deviation from PFRS/Generally Accepted Accounting Principles which results to gain; and,
- other unrealized gains or adjustments to the retained earnings.

32. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic ratios measure the financial performance of the Company:

	March 31, 2023	December 31, 2022
Asset-to-equity	3.29 : 1.00	3.27 : 1.00
Liability-to-equity	2.29 : 1.00	2.27 : 1.00

33. OTHER SEC REQUIREMENTS

The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:

<ul style="list-style-type: none"> Explanatory comments about the seasonality or cyclical nature of interim operations 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> The nature and amount of changes in estimates of amounts reported in prior interim years of the current fiscal year or changes in estimates of amounts reported prior financial years, if those changes have a material effect in the current interim year 	<ul style="list-style-type: none"> Refer to Note 3 for the development of claims liabilities.
<ul style="list-style-type: none"> Issuances, repurchases, and repayments of debt and equity securities 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Dividends paid (aggregate or per share) separately for ordinary shares and other shares 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements) 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Material events subsequent to the end of the interim year that have not been reflected in the financial statements for the interim year 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> The effect of changes in the composition of the issuer during the interim year, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations 	<ul style="list-style-type: none"> Nothing to report.
<ul style="list-style-type: none"> Changes in contingent liabilities or contingent assets since the last annual balance sheet date 	<ul style="list-style-type: none"> Nothing to report.

<ul style="list-style-type: none">• Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim year.	<ul style="list-style-type: none">• Nothing to report.
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AGING OF REINSURANCE BALANCES RECEIVABLE

As at March 31, 2023

(In million pesos)

	Total	Below 360 days	Over 360 days	Not due
Due from ceding companies	P3,200	P482	P481	P2,237
Reinsurance recoverable on paid losses	540	61	407	72
Funds held by ceding companies	298	298	–	–
Due from reinsurers	1	–	1	–
	<u>P4,039</u>	<u>P841</u>	<u>P889</u>	<u>P2,309</u>
Allowance for impairment*	<u>(505)</u>			
	<u>P3,534</u>			

*The Company's policy on providing allowance for impairment is primarily based on specific identification of accounts, which are deemed uncollectible after taking into consideration the result of collection efforts, age of receivables and company status or perceived degree of financial capacity.