COVER SHEET

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SEC Registration Number

NATIONAL REINSURANCE
CORPORATION OF THE PHILIPPINES

(Company's Full Name)

31F BPI-PHILAM LIFE MAKATI
6811 AYALA AVENUE MAKATI

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

Jacqueline Michelle C. Dy	(02) 8988-7400
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 17-A** **2022 Annual Report**	4th Wednesday of June
Month	Day	FORM TYPE	Month Day
Fiscal Year			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 purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2022**

2. SEC Identification Number: **80118** 3. BIR Tax Identification No.: **000-480-869**

4. Exact name of issuer 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

5. **Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. **31st Floor, BPI-Philam Life Makati,**
6811 Ayala Avenue,
Makati City, Philippines
Address of principal office

1227
Postal Code

8. **(632) 8988-7400**
Issuer'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 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	No. of Shares Outstanding	Amount
Common Shares	2,123,605,600	PHP2,123,605,600.00
TOTAL	2,123,605,600	PHP2,123,605,600.00

11. Are any or all of these securities listed on a Stock Exchange?

Yes [**X**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

Shares Held by Non-Affiliates	**Market Value per share as of xx/xx/xx**	**Total Market Value**
xxx	**xxx**	**xxx**

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **N/A**

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

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PART I – BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

A. BUSINESS DEVELOPMENT

National Reinsurance Corporation of the Philippines (the “Company” or the “Corporation"), doing business under the names and styles of Nat Re, Philippine National Reinsurance Company and PhilNaRe, provides life and non-life reinsurance capacity and support to insurance companies in the Philippines and neighboring insurance markets. With this, the Company promotes the development of the Philippine insurance industry and serves as a medium for regional and international cooperation in insurance.

The Company was incorporated in 1978 pursuant to Presidential Decree No. 1270 and the Corporation Law. The Presidential Decree also designated the Company as the vehicle for the Philippines’ participation in the Asian Reinsurance Corporation, a multilateral reinsurance entity established to foster regional cooperation among insurance companies doing business in Asia.

In 2006, the Company became the country's sole domestic professional reinsurance company following its merger with Universal Malayan Reinsurance Corporation, the country's second largest domestic reinsurer.

In 2007, the Company listed its shares with the ticker symbol "NRCP" in the Philippine Stock Exchange, with the Government Service Insurance System (GSIS), the BPI Group, and the Malayan Group as significant shareholders.

The Company has no subsidiaries, and has not been a party to any bankruptcy, receivership, or similar proceedings.

B. BUSINESS OF ISSUER

Principal Products & Services

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 78%.

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.

Competition

The Company is the only domestic professional reinsurance company in the Philippines. As the only national reinsurer it has the unique privilege granted by law, of being entitled to take up to a 10% share of all reinsurance business ceded abroad. This allows the Company special access to Philippine reinsurance business and an exceptional view of the domestic insurers’ reinsurance requirements.

The Company competes primarily with Global reinsurers for treaty business. The Company’s local character allows it to have a better understanding of market conditions and practices and enables the Company to engage the local market closely and more frequently. Its local presence enables it to provide technical guidance more efficiently and address, particularly, the local market’s need for facultative reinsurance support. Its limited underwriting capacity, on the other hand, restricts its ability to write significant shares of larger risks.

To maximize premium retention within the country, Nat Re created underwriting facilities backed by domestic industry capacity. These facilities provide a mechanism for the redistribution of risks to local companies. Facultative risks ceded to Nat Re are retroceded to interested authorized companies based on their risk appetite and financial strength. These facilities allow Nat Re to increase its underwriting capacity and provide insurers a mechanism to increase premium retention by way of small shares in a broad number of risks written by other insurers.

With the Philippines being one of the most catastrophe exposed countries, Nat Re has also been actively involved in the creation of a Philippine Catastrophe Insurance Facility (PCIF) to increase the country's catastrophe resilience by ensuring more inclusive access to catastrophe protection at sustainable rates.

Employees

The Company has seventy-one (71) employees, of whom twenty-seven (27) are in the Non-Supervisory and Supervisory levels; twenty-nine (29) are in the Assistant Manager to Sr. Manager levels; fifteen (15) are in the Assistant Vice President and above levels.

Broken down by operations, there are seven (7) employees in the Life Reinsurance Group, seven (7) in the Non-Life Reinsurance Group and fifty-seven (57) employees in the support group, including Office of the President and CEO, Risk and Compliance, Internal Audit, Investments, Finance, Technology, Human Resources and Office Services, Data Administration and Analytics.

In the next twelve 12 months, the Company projects an increase in the number of employees of around ten (10).

The Company's employees are not and have never been subject to any Collective Bargaining Agreement.

Risks

The occurrence of severe catastrophic events may have a material adverse effect on the financial results and conditions.

Catastrophes, both natural and man-made, are one of the major threats to the solvency of an (re)insurance company. This is most important for the Company where majority of the portfolio is in the domestic market, which is highly exposed to natural catastrophes, such as earthquakes, typhoons, and flood. The Company takes several steps in managing its catastrophe exposures. Exposure monitoring and assessment is done on a quarterly basis to quantify the Company's natural catastrophe accumulation. This is done using a probabilistic catastrophe model that the company licenses. The Company has invested in these modeling tools that help the company assess and quantify its exposures to natural catastrophes and extreme events. Currently, the Company has access to RMS earthquake and typhoon models for the Philippines. However, the Company also acknowledges the limitations of these models and further carries out several other processes to better understand and manage these risks. Apart from this, the Company also monitors its exposures to perils that are not available to be analyzed using catastrophe models. The Company acknowledges that while earthquake and typhoon are the main perils in the Philippines, unmodeled perils such as volcanic eruption should not be overlooked. Detailed risk information is obtained for each ceded risk to allow for detailed location mapping and risk identification. Analysis using Geographic Information Systems (GIS) is then done to assess exposures to these perils.

The Company also secures several retrocession programs to further limit the Company's exposure to large losses and catastrophes. In 2022, for the Fire and Engineering portfolio, an Excess of Loss protection was bought to up P5.0B (4.7B xs 300M) which limits its risk and catastrophe exposure to only P300M per event. The Company also bought protection for its Marine and Motor portfolios to up to P110M (80M xs 30M) and P350M (320M xs 30M), respectively. For Life Reinsurance portfolio, a catastrophe retrocession XL cover with a total limit of P500M (470M xs 30M) was also purchased to protect the Company against extreme events.

The Company obtains these excess of loss protections from a panel of global reinsurers with investment grade financial strength ratings higher than its own rating. The cost is material and varies from year-to-year depending upon, among other things, the amount of cover purchased, the Company's history of claims and losses, catastrophe exposure, as well as the state of the global reinsurance market. In 2022, the Company paid its excess of loss reinsurers a total minimum deposit of P260M for Non-Life and P3.67M for Life.

A significant amount of the Company's invested assets will be subject to changes in interest rates, exchange rates and market volatility.

The strategic allocation of the Company's investment portfolio was rebalanced in 2022 from 85% fixed income and 15% equities to 90% and 10%, respectively. This is in line with the company's long-term strategy to de-risk its investment portfolio. As of December 31, 2022, 91% of the total assets under management was invested in fixed income, higher than that of December 2021 while the balance of 9% was invested in equities traded in the Philippine Stock Exchange. As of year-end December 31, 2022, total invested assets amounted to PHP9.2B, of which 11% was invested in U.S Dollar denominated securities, and the remaining 89% in the local currency. The Company has increased its USD investments from 4% in its effort to reduce portfolio volatility (risk) through diversification.

The challenges in 2022 affected much of the economy and financial markets in the same way across almost all countries including the Philippines. While the global economy attempts to reopen its doors, COVID-19 proved to be resilient through its constant mutations that caused surges in certain pockets of the globe. Markets were worried about the most notable lockdowns such as in China as it struggled to contain the spread of the virus across its communities for most of the year. In addition, markets remained cautious for most of the year due to the Russia-Ukraine war which started when Russia invaded Ukraine on February 24. Further, as a backdrop to the challenges presented by COVID-19 and geopolitical tensions, inflation across the world had been rising way above the targets of each country's respective central bank. That said, these central banks, unofficially led by the US Federal Reserve, started raising interest rates aggressively which had pushed yield curves generally to the upside. With these factors affecting financial markets, we saw interest rates rise, equity prices drop, and commodity prices much more volatile. This perfect storm stoked fears that central banks' interest rate increases could lead to a hard landing especially for the US, which led to a heavier risk-off sentiment across financial markets.

However, with local GDP printing at 7.2% Year-On-Year (YoY) in the 4th quarter of 2022, and despite inflation printing at 8.1% YoY in December, the Philippines continued to reopen its economy and proved to be resilient. This may also be on the back of a low base effect coming from the pandemic.

On the fixed income space, the Company kept its short duration position for most of the year as interest rates continued to rise in 2022. The Investments team, despite this strategy, continued to limit the investment portfolio's duration to be close to the benchmark's duration. Towards the late 3rd to 4th quarter, the portfolio duration was gradually rebalanced to neutral (against benchmark) as interest rates reach a "crossroads" to their general direction.

On the equities space, the Company has reduced its strategic asset allocation to the said asset class from 15% to 10% of the total investment portfolio in line with its long-term fundamental direction to reduce the portfolio's risk profile. Further, fund managers retained an underweight position in the equities space as inflation and other risks cast a shadow on optimism among market participants.

Since a substantial amount of the Company's invested assets are classified as available-for-sale securities, changes in the market value of these securities are mostly reflected in shareholders' equity.

The Company's Board of Directors has established investment guidelines which involve diversifying the investment portfolio, limiting investments to instruments not exposed to significant risks, performing rigorous analysis of potential investments, and establishing suitable benchmarks for targeted returns, among others. Part of its longer-term strategy includes reassessing the current strategic allocation of its investible funds and generating more stable income on the portfolio.

The Company currently invests only in instruments allowable under Chapter 3, Title 4, Investments of the Amended Insurance Code and by related issuances of the Insurance Commission. The Board of Directors of the Company has established an Investment Committee to implement the Company's investment strategy in accordance with approved investment guidelines.

The Company's financial condition may be affected by delays in the payment of premiums by cedants.

As of December 2022, reinsurance balance receivable amounted to P3,374.5 million, compared to P3,422.2 million in 2021, net of Allowance for Impairment of P486.6 million, and P511.2 million respectively.

To mitigate the risk of non-payment of premiums, the Company regularly reviews and evaluates the financial capacity and payment history of the companies from which it accepts business. On facultative acceptances, the Company generally provides its cedants a grace period of 120 days and settlement of premiums. Within this 120-day premium payment warranty term, the company is obligated to pay legitimate claims arising from its acceptance of risk, even though it may not have yet received any premiums.

The Company's financial performance may be affected by the inability of its retrocessionaires to pay their share of losses

For the period ending December 31, 2022, the Company retroceded P1,721 million or 37% of its gross written premiums to retrocessionaires. The Company retroceded part of the gross premiums in order to transfer part of the risks to its retrocessionaires. As certain loss events occur, the Company is obligated to pay the legal claims made by its clients. The Company will then be entitled to recover part of the losses it paid to its clients from the retrocessionaires in accordance with the retrocession agreement. However, if any retrocessionaire is not able to pay the claims made by the Company, the latter will shoulder the losses it paid to its clients and this will negatively impact the Company's financials. As of end of 2022, reinsurance recoverable on paid and unpaid losses amounted to P3.15 billion compared to P1.6 billion in 2021, net of Allowance for Impairment of P457.3 million and P411 million respectively.

In choosing its retrocessionaires, the Company takes into consideration the retrocessionaires financial capacity, credit rating (which should not be lower than an A-rating), technical knowledge/expertise, and industry reputation. The Company also considers the retrocessionaires record of paying claims and adverse balances. The Company adheres to these guidelines to ensure that this risk is mitigated and/or avoided.

ITEM 2. PROPERTIES

The net property and equipment of the Company as of December 31, 2022 amounted to P45.16 million, broken down as follows:

	Cost	Accumulated depreciation	Net book value
Condominium units	101,310	78,234	23,076
Office improvements	25,241	12,721	12,520
Transportation equipment	10,233	5,150	5,083
EDP equipment	23,478	19,115	4,363
Office furniture and equipment	11,225	11,104	121

in thousands (Philippine Pesos)

There are no liens, mortgages or encumbrance over the aforementioned properties of the Company. There is likewise no limitation on the ownership or usage of the said properties, except under standard rules of their respective condominium corporations.

There is no litigation or claims of material importance known to the Company to be pending or threatened against the Company's properties.

ITEM 3. LEGAL PROCEEDINGS.

The Company is currently a party to the following pending litigation cases and as of this reporting period, no new legal case is filed against or by the National Reinsurance Corporation of the Philippines:

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 March 24, 2023, for the presentation of NRCP's second witness, Ms. Flores L. Escaño.

2. **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 the 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.

3. 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.

4. Other 2018 Revenue Taxes

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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the stockholders during the fourth quarter of the fiscal year ending December 31, 2022.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

1. 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:

	2022		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, April 27, 2023**,** was P0.46 per share.

2. Holders

Approximate Number of Holders as of 31 December 2022

There were approximately 269 common shareholders of the Company as of December 31, 2022. The Top 20 shareholders as of December 31, 2022, 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)	1,684,090,286 6.878,010	79.30% 0.32%
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%
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%

Minimum Public Ownership as of 31 December 2022

The Public Ownership Report as of December 31, 2022 showed the Company's public float at 47.58%. This was computed in accordance with the guidelines provided under the Amended Rule on Minimum Public Ownership.

3. 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 P42, 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.

4. 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.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF 2022 VERSUS 2021

Results of Operations

	For the years ended		Inc(dec)	
In Millions PhP	**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 31 Dec 2022	Audited 31 Dec 2021	Inc(dec) 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%**
LIABILITIES AND EQUITY				
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 31 Dec 2021	31 Dec 2020	Inc(dec) 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)	-15%
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)

	Audited	Audited	Inc(dec)	
In Millions PhP	**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%**
LIABILITIES AND EQUITY				
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 P3,422.2 million increased by P749.8 million or 28% from the balance as at December 31, 2020 of P2,672.4 million. 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 P5,952.7 million as at December 31, 2021 increased by P19.6 million from the balance as at December 31, 2020 of P5,933.1 million. 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 P2,390.8 million as at December 31, 2021 increased by P432.3 million or 22% from the balance as at December 31, 2020 of P1,958.5 million. The increase in these investments mainly resulted from the purchase of corporate bonds amounting to P1,023.1 million, 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 P1,597.1 million increased by P417.5 million or 35% from the balance as at December 31, 2020 of P1,179.6 million. 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 P7,317.7 million increased by P514.7 million or 8% from the balance as at December 31, 2020 of P6,803.0 million. 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 31 Dec 2020	For the years ended 31 Dec 2019	Inc(dec) Amount	Inc(dec) %
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 P3,193.2 million in 2019 to P3,379.3 million 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 P3,274.3 million in 2019 to 3,197.0 million 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 31 Dec 2020	Audited 31 Dec 2019	Inc(dec) 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%**
LIABILITIES AND EQUITY				
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 P5,359.6 million in 2019 to P5,746.4 million 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 P1,005.0 million. 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 P5,933.1 million as at December 31, 2020 increased by P987.3 million or 20.0% from P4,945.8 million 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 P1,208.8 million (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 P1,958.5 million as at December 31, 2020 decreased by P269.4 million or 12.1% from P2,227.9 million 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 P2,479.9 million as at December 31, 2020 increased by P149.5 million or 6.4% from the balance as at December 31, 2019 of P2,330.4 million, 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 P6,803.0 million increased by P528.7 million or 8.4% from the balance as at December 31, 2019 of P6,274.3 million. 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 P1,539.3 million decreased by P229.0 million or 13.0% from the balance as at December 31, 2019 of P1,768.3 million. 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	2.72
Total Liabilities/Equity	2.27	1.90	1.72

** 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.

ITEM 7. FINANCIAL STATEMENTS

Please refer to the attached Audited Financial Statements for 2022, audited by the accounting firm of R.G. Manabat & Co. (KPMG Philippines.), and signed by partner Mr. Tireso Randy F. Lapidez.

ITEM 8. 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 R.G. Manabat & Co. (KPMG Philippines), our independent auditors for professional services rendered:

	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

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.

PART III – CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

1. Directors, Including Independent Directors, and Executive Officers

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

Name	Position	Age	Citizenship
Jose Arnulfo A. Veloso	Chairman (from July 2022 to March 2023)	57	Filipino
Evelina G. Escudero	Chairperson (from March 2023 to present)	80	Filipino
Yvonne S. Yuchengco	Vice Chairperson	69	Filipino
Allan R. Santos	President and Chief Executive Officer	56	Filipino
Joli Co Wu	Treasurer	56	Filipino
Maria Consuelo A. Lukban	Director	58	Filipino
Reginaldo Anthony B. Cariaso	Director	55	Filipino
Jocelyn DG Cabreza	Director	66	Filipino
Alan R. Luga	Director	64	Filipino
Rafael G. Ayuste, Jr.	Director	59	Filipino
Antonio M. Rubin	Director	72	Filipino
Medel T. Nera	Lead Independent Director	67	Filipino
Rex Maria A. Mendoza	Independent Director	60	Filipino
Roberto G. Manabat	Independent Director	76	Filipino

Following is the list of the Corporation's key executive officers:

Name	Position	Age	Citizenship
Allan R. Santos	President and Chief Executive Officer	56	Filipino
Noel A. Laman	Corporate Secretary	83	Filipino
Ma. Pilar M. Pilares-Gutierrez	Assistant Corporate Secretary	46	Filipino
Joli Co Wu	Treasurer	56	Filipino
Jaime Jose M. Javier	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
Jacqueline Michelle C. Dy	Vice President and Head of Risk & Compliance	42	Filipino
Santino U. Sontillano	Vice President and Head of Finance	46	Filipino
Regina Lourdes D. Papa	Senior Assistant Vice President and Head of Human Resources and Office Services	55	Filipino

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.

Business experience of the Directors and Officers during the past five (5) years/ Other directorships held in reporting companies naming each company

Jose Arnulfo A. Veloso, Filipino, Chairman of the Board and Director of the Corporation since July 2022 to February 2023.

Mr. Veloso is the current President and General Manager of the Government Service Insurance System (GSIS).

Prior to GSIS, Mr. Veloso served as President and Chief Executive Officer (CEO) of the Philippine National Bank (PNB) and President of the Bankers Association of the Philippines. Under his leadership, PNB received various awards in banking and finance. He also served as Director of Philippine Dealing System Holdings Corp., Philippine Dealing and Exchange Corp., Philippine Securities Settlement Corp., BancNet, Inc., Allianz PNB Life Insurance, Inc., Philippine Payments Management, Inc., and ASEAN Bankers Association; Chairman of the Rafael B. Buenaventura Foundation; and a Member of the CIBI Foundation, Inc. and Management Association of the Philippines.

Mr. Veloso began his career as a Management Trainee and Supervisor at Urban Bank (1986-1988), after which he served in various positions at AsiaTrust, CitiBank, and PCI Bank. He served the longest at HSBC-Hong Kong and the Philippines, serving in various roles between 1994 and 2018 and culminating in the position of HSBC Philippines President and CEO (2012-2018). In 2018, HSBC Philippines was named by The Asset as 2018's Best Global Bank in the country.

Mr. Veloso earned a Bachelor of Science in Management, De La Salle University (1982-1986).

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., 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 (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., 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.

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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., 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.

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.

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, 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.

Daisy 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 has obtained her Bachelor of Science in Accounting 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.

Directorships in Other Listed Companies

Jose Arnulfo A. Veloso	The Philippine Stock Exchange, Inc.
Yvonne S. Yuchengco	iPeople Inc. Seafront Resources Corporation, House of Investments, Inc. Petro Energy Resources Corporation
Rex Maria A. Mendoza	Globe Telecom AyalaLand Logistics Holding Corporation Ayala Land, Inc.
Roberto G. Manabat	Union Bank of the Philippines
Medel T. Nera	House of Investments, Inc iPeople, Inc. EEI Corporation Seafront Resources Corporation Ionics, Inc. Holcim Phils., Inc.

2. 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 with the Company upon termination.

3. Family Relationships

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.

4. Involvement in Certain 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 report 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.

5. Annual Continuing 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
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 Revised Corporation Code	Institute of Corporate Directors

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	June 18, 2019 October 26, 2019 October 27, 2018	Annual CG Seminar for Directors and Key Officers Annual CG Seminar for Directors and Key Officers	Institute of Corporate Directors RCBC Group RCBC Group
4. Allan R. Santos (Director, President and CEO)	June 23, 2022 October 27, 2022 October 31 to November 3, 2022 October 15, 2021 October 26, 2021 October 28-30, 2020 October 8, 2020 June 18, 2019 September 20, 2019 October 9-11, 2019 November 26-29, 2019 May 6-9, 2018 June 8, 2018 September 3, 2018 September 14, 2018	Philippine Insurance Summit Sustainability and Ethics (Anti-Bribery & Fraud Prevention) Singapore International Reinsurance Conference 4th ASEAN Reinsurance Working Committee Meeting 4th ASEAN Insurance Summit 46th ASEAN Insurance Council and Regulators Meeting ASEAN Reinsurance Working Committee Meeting Revised Corporation Code Annual Technical Forum 19th Reinsurance Summit 45th ASEAN Insurance Council Meeting (Myanmar) 29th East Asian Insurance Congress (EAIC) CEO Forum 2018: Harnessing the Power of People and Technology Training on IFRS 17	Insurance Institute for Asia and the Pacific Willis Towers Watson and Good Governance Advocates and Practitioners of the Philippines Singapore Reinsurers' Association ASEAN Reinsurance Working Committee ASEAN Insurance Council ASEAN Insurance Council ASEAN Reinsurance Working Committee Institute of Corporate Directors Nat Re Taiping Reinsurance Co. Ltd ASEAN Insurance Council Philippine Insurers and Reinsurers Association (PIRA) and EAIC PIRA Nat Re

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	October 18, 2018 November 15-16, 2018 November 28, 2018 December 6, 2018	4th Annual Non-life and LIfe Technical Forum Training on IFRS 17 59th Actuarial Society of the Philippines (ASP) Annual Convention Association of Southeast Asian Nations (ASEAN) Insurance Summit Sustainability Reporting and Audit Committee Effectiveness	PIRA Nat Re Actuarial Society of the Philippines 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.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	June 18, 2019 December 13, 2018	Revised Corporation Code Corporate Governance Wrap-up	Institute of Corporate Directors GGAPP
7. Antonio M. Rubin (Director)	October 27, 2022	Sustainability and Ethics (Anti-Bribery & Fraud Prevention)	Willis Towers Watson and Good Governance Advocates and Practitioners of the Philippines
	August 16, 2021	Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards Can Do Against Ransomware Attacks	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. Cariaso (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
	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		MAP

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	June 23, 2020 September 25, 2019	Landscape and Control Mechanisms for Business Crimes and Fraud Survive and Thrive: Finance Business Restructuring and after a Crisis Enhancing Board Performance	Institute of Corporate Directors 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 April 22, 2022 June 28, 2021 July 28, 2020 June 18, 2019 December 6, 2018	AMLA Seminar Enhanced Corp. Governance Guidelines IC-ICD-GGAPP Roundtable Discussion for IC Regulated Entities GSIS Strategic Planning Revised Corporation Code Sustainability Reporting and Audit Committee Effectiveness	Institute of Corporate Directors BAIPHIL Institute of Corporate Directors GSIS Institute of Corporate Directors SGV & Co.
12. Medel T. Nera (Lead Independent Director)	August 23, 2022 October 18, 2022 November 19, 2022 December 13, 2022 June 1, 2021 September 23, 2020 October 26, 2019	Advance Corporate Governance Training (for Holcim Phils., Inc.) The Board's Agenda: Mindset Shift for a Sustainable and Equitable Future 2022 YGC Corporate Governance Seminar "Going from Good to Great" Corporate Governance Seminar (for Ionics, Inc.) Annual Corporate Governance Training Program for Holcim Phils. BSP Supervisory Assessment Framework to Replace the CAMELS and ROCA Rating Systems for BSP-Supervised Financial Institutions Annual CG Seminar for Directors and Key Officers	Institute of Corporate Directors Institute of Corporate Directors Yuchengco Group of Companies SGV & Co. Institute of Corporate Directors Association of Bank Compliance Officers, Inc. RCBC Group

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	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
	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 (Corporate Secretary)	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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
16. Atty. Ma. Pilar P. Gutierrez (Asst. Corporate Secretary)	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 Philippine Publicly-Listed Companies	SEC & GRI
	November 19, 2020	7th 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

Name of Director/Officer	Date of Training	Program	Name of Training Institution
	November 9-10, 2021	Corporate Governance Orientation Program	Practitioners of the Phils Institute of Corporate Directors
18. Jacqueline Michelle C. Dy (Vice President)	April 25, 2022 July 22, 2022 October 27, 2022 November 22, 2022	Corporate Governance Seminar Targeted Financial Sanctions (TFS) Webinar for Covered Persons Anti-Fraud Session 9th SEC PSE Corporate Governance Forum	Philippine Chamber of Commerce and Industry Anti-Money Laundering Council Good Governance Advocates and Practitioners of the Phils SEC & PSE
19. Cinderella M. Gernan (Vice President)	October 27, 2022 November 14, 15, 17, 18 and 21 2022 September 21 and 22, 2022 September 23, 2022	Anti-Fraud Session Customized Microsoft Excel 2019 East Asian Insurance Congress 2022 Annual Technical Forum	Good Governance Advocates and Practitioners of the Phils. Mapua University Asia Insurance Review National Reinsurance Corporation of the Philippines
20. Daisy C. Salonga (Vice President)	February 18, 2022 October 19, 2021 December 10, 2020 August 5, 2020 June 18, 2019 June 8, 2018	The Path Forward: Future-proof your portfolio with sustainable investing 16th Philippine Summit: Reviving Paths To Recovery The 4 Essential Roles of Leadership Managing in the Recession – The Challenge for Economic Resilience Amidst Covid-19 Annual Technical Forum CEO Forum	BPI-AMTC The Asset Franklin Covey Ateneo de Manila University Nat Re Nat Re

	December 7, 2017 September 15, 2017	Corporate Governance CEO Forum on Insurance Regulations & Governance	SGV & Co. Insurance Commission and Institute of Corporate Directors
21. Santino U. Sontillano (Vice President)	April 25, 2022 Aug. 22-23, 25-26, Sep 1-2, 2022 October 17, 2022 October 27, 2022 August 6, 2021 December 10, 2020 September 20, 2019 December 6, 2018	Corporate Governance Seminar PFRS 17 PFRS 9 Anti-Fraud Session Technology Governance for Directors: Small Mistakes. Big Consequences. What Boards Can Do Against Ransomware Attacks The 4 Essential Roles of Leadership Annual Technical Forum Sustainability Reporting and Audit Committee Effectiveness	Philippine Chamber of Commerce and Industry SGV & Co. SGV & Co. Good Governance Advocates and Practitioners of the Phils Institute of Corporate Directors Franklin Covey Nat Re SGV & Co.
22. Regina Lourdes D. Papa (Senior Assistant Vice President)	October 27, 2022 July 15, 2021 December 10, 2020 June 10, 2020 September 10, 2019	Anti-Fraud Session Building Better Bankers: Fostering a Stronger KYE Program The 4 Essential Roles of Leadership Leadership & HR Development in Crisis Situation Annual Technical Forum	GGAPP Association of Bank Compliance Officers, Inc. Franklin Covey Employers Confederation of the Philippines Nat Re

ITEM 10. EXECUTIVE COMPENSATION

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 *includes retirement pay for 2 officers*		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."

Each director of the Corporation receives a per diem 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 Directors	25,000
Regular Directors	25,000
B. Committee Meetings*	
Independent Directors	₱ 15,000
Regular Directors	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 will be as follows:*

For Committee Meetings:
Regular and Independent Directors from P8,000 to P15,000

Pursuant to the above provisions, the total compensation for 2022 for the members of the Board of Directors amounted to P6,183,000.00. The total compensation for each director for 2022 is disclosed in the 2022 Definitive Information Statement.

Aside from the disclosed compensation, 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 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS AND MANAGEMENT

1. Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of December 31, 2022, 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 of Class
Common	Bank of Philippine Islands, Ayala Avenue corner Paseo de Roxas, Makati City	Bank of Philippine Islands, Ayala Avenue corner Paseo de Roxas, Makati City	Filipino	290,795,500	13.69%
Common	PCD Nominee Corporation (Filipino)[1], G/F MSE Building, 6754 Ayala Avenue, Makati City	Government Service Insurance System[2], New GSIS Headquarters, Financial Center, Pasay City	Filipino	547,465,396[1]	25.78%
Common	PCD Nominee Corporation (Filipino)[1], G/F MSE Building, 6754 Ayala Avenue, Makati City	MICO Equities Inc.[2] Yuchengco Bldg., 484 Quintin Paredes Street Manila	Filipino	273,716,100[2]	12.89%

[1,2]The 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 1,684,090,286 shares registered in the name of PCD Nominee Corporation (Filipino).

2. Security Ownership of Management

The following table sets forth as of December 31, 2022 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	Jose Arnulfo A. Veloso	1 Record	Filipino	0.00%
Common	Allan R. Santos	5,000 Record 503,000 Beneficial	Filipino	0.02%
Common	Joli Co Wu	344,100 Record	Filipino	0.03%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
		260,000 Beneficial		
Common	Yvonne S. Yuchengco	100 Record 26,000 Beneficial	Filipino	0.00%
Common	Maria Consuelo A. Lukban	50 Record	Filipino	0.00%
Common	Roberto G. Manabat	1,000 Record	Filipino	0.00%
Common	Rex Maria A. Mendoza	1,000 Record	Filipino	0.00%
Common	Medel T. Nera	1,000 Record	Filipino	0.00%
Common	Rafael G. Ayuste, Jr.	100,000 Record	Filipino	0.00%
Common	Reginaldo Anthony B. Cariaso	50 Record	Filipino	0.00%
Common	Jocelyn DG Cabreza	1 Record	Filipino	0.00%
Common	Antonio M. Rubin	1,000 Record 10,000 Beneficial	Filipino	0.00%
Common	Nora M. Malubay	1 Record	Filipino	0.00%
	TOTAL FOR DIRECTORS	**1,252,303**		**0.05%**
	GRAND TOTAL	**1,252,303**		**0.05%**

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.

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.

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 12. 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	Loss Recoveries
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)	Loss Recoveries
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 depositary of such securities. For services rendered, BPI Wealth is entitled to 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-AMTC 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-AMTC 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.

PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY

ITEM 13.A CORPORATE GOVERNANCE

Please refer to the Corporate Governance Section on the Company's Official Website at https://www.nat-re.com.

Per SEC Memorandum Circular No. 5, Series of 2013, Item V, The Corporate Governance section in the Annual Report (SEC Form 17-A) may already be deleted.

ITEM 13.B SUSTAINABILITY REPORT

Our Sustainability Report is posted on the Company's Website with this link –
https://www.nat-re.com/naresite/wp-content/uploads/2023/04/Nat-Re-2022-Sustainability-Report_20230413-1.pdf

PART V – EXHIBITS AND SCHEDULES

ITEM 14. EXHIBITS AND REPORTS

(a) Exhibits – See accompanying Index of Exhibits

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17C during the last six months include the following:

- December 15, 2022 re: Board Approval of the Company's Mission & Vision
- January 26, 2023 re: Annual Stockholders Meeting for 2023
- February 3, 2023 re: Changes in the Board of Directors
- February 23, 2023 re: Election of Alan R. Luga as Director
- March 14, 2023 re: Changes in the Board of Directors
- March 30, 2023 re: Matters approved by the Board at its meeting on March 30, 2023

EXHIBIT TABLE

	Description	**17-A**
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	**N.A.**
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	**N.A.**
(8)	Voting Trust Agreement	**N.A.**
(10)	2022 Annual Report (SEC Form 17-A) Financial Statements and Independent Auditors' Report (with notarized Statement of Management Responsibility and SEC Supplementary Schedules)	**Attached**
(13)	Letter re: Change in Certifying Accountant	**N.A.**
(15)	Letter re: Change in Accounting Principles	**N.A.**
(16)	Report Furnished to Security Holders	**N.A.**
(18)	Subsidiaries of the Registrant	**N.A.**
(19)	Published Report Regarding Matters Submitted to Vote of Security Holders	**N.A.**
(20)	Consents of Experts and Independent Counsel	**N.A.**
(21)	(a) Power of Attorney (b) Power of Attorney—Foreign Registrant	**N.A.**
(29)	Additional Exhibits	**N.A.**

N.A. – Not applicable or require no answer.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 27th day of April 2023.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Issuer

By:

(original signed)

ALLAN R. SANTOS
Principal Executive Officer
(President & CEO)

(original signed)

SANTINO U. SONTILLANO
Designated Principal Accounting Officer
(Vice President & Head of Finance)

(original signed)

NOEL A. LAMAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 27th day of April 2023 affiant(s) exhibiting to me their Passport Nos., as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Allan R. Santos	-	-	-
Santino U. Sontillano	-	-	-
Noel A. Laman	-	-	-

(notarized)

____
Notary Public

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

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Inbox ×

eafs@bir.gov.ph

to IRENE.LOZADA, SAN.SONTILLANO

Hi NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES,

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Transaction Code: **AFS-0-4WS2Z4W30BCCK9BE6Q4MTM3410MNPMN3P**
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 is 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.

(original signed)

EVELINA G. ESCUDERO

Chairperson of the Board

(original signed)

ALLAN R. SANTOS

President & Chief Executive Officer

(original signed)

JOLI CO WU
Treasurer

(original signed)

SANTINO U. SONTILLANO
Vice President & Head of Finance

Signed this 27th day of April, 2023.

SUBSCRIBED AND SWORN TO before me on 27th day of April, 2023 at Makati City, Affiants exhibited to me their passport numbers.

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

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

Notary Public

(original notarized)

R.G. Manabat & Co.
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 "24^{th} 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.

(original signed)

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)

	Notes	**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)

	Notes	**2022**	2021	2020
Reinsurance premium income				
Reinsurance premiums – net of returns	*20*	**P4,708,644**	P4,195,125	P4,473,702
Retroceded premiums	*15*	**(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	*15, 20*	**12,598**	33,125	182,266
		2,999,752	2,870,978	3,379,278
Underwriting deductions				
Share in reported losses – net	*23.1*	**2,225,434**	1,696,576	1,758,900
Share in unreported loss reserves – net	*23.2*	**(288,588)**	265,896	246,994
Commissions – net	*23.3*	**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	*22*	**215,389**	404,110	131,666
Profit after investment and other income and expenses		**451,585**	451,303	473,391
General and administrative expenses	*24*	**330,343**	259,988	278,419
Profit before tax		**121,242**	191,315	194,972
Tax expense	*26*	**65,541**	49,616	75,055
Net profit		**P55,701**	P141,699	P119,917
Earnings per share - basic and diluted	*30*	**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)

	Notes	**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	*24.2*	**(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	*8*	**(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	*8*	**(23,647)**	(94,434)	(309,260)
Impairment of AFS financial assets reclassified to profit or loss	*8*	**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)

		Capital Stock				Revaluation Reserves			Retained Earnings		
	Notes	No. of shares *(in thousands)*	Amount *(Note 27)*	Additional Paid-in Capital *(Note 27)*	Treasury Shares at Cost *(Note 27)*	AFS Financial Assets	HTM Investments	Defined Benefit Liability *(Note 24)*	Appropriated	Unappropriated	Total Equity
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

	Notes	Capital Stock		Additional Paid-in Capital	Treasury Shares at Cost	Revaluation Reserves			Retained Earnings		
		No. of shares *(in thousands)*	**Amount** *(Note 27)*	*(Note 27)*	*(Note 27)*	**AFS Financial Assets**	**HTM Investments**	**Defined Benefit Liability** *(Note 24)*	**Appropriated**	**Unappropriated**	**Total Equity**
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)

	Notes	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P121,242**	P191,315	P194,972
Adjustments for:				
Movement in premium reserves – net	*15, 20*	**(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	*23.2*	**(288,588)**	265,896	246,994
Commissions – net	*14, 21*	**(39,703)**	(35,168)	(24,688)
Interest income	*22*	**(291,563)**	(259,768)	(294,044)
Dividend income	*22*	**(36,545)**	(40,157)	(46,285)
Gain on sale of AFS financial assets	*8, 22*	**(23,647)**	(94,434)	(309,260)
Unrealized gains from forward contract		**(926)**	–	–
Movement in deposit liability	*18, 22*	**(499)**	2,360	13,581
Impairment losses	*22, 24*	**125,787**	6,811	469,312
Unrealized foreign currency (gains) losses		**62,009**	(39,794)	9,784
Fair value losses on HFT securities	*7, 22*	**8,678**	–	–
Gain on sale of non-financial assets	*12, 22*	–	–	(17)
Depreciation and amortization	*24*	**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

	Notes	**2022**	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/maturities of:				
AFS financial assets	*8*	**P3,236,914**	P4,767,566	P6,092,297
HTM investments	*9*	**284,449**	596,794	480,937
Loans and receivable	*11*	**3,484**	2,426	2,599
Property and equipment	*12*	**1,561**	–	187
Interest received		**286,446**	283,454	299,373
Dividends received		**34,297**	41,377	46,660
Acquisitions of:				
AFS financial assets	*8*	**(2,316,303)**	(4,938,658)	(6,991,787)
HTM investments	*9*	**(949,056)**	(1,023,140)	(200,000)
Other investments	*10*	**(442,968)**	–	–
Loans and receivable	*11*	**(4,420)**	(9,875)	(1,410)
Property and equipment	*12*	**(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	*5*	**658,187**	950,914	1,004,977
CASH AND CASH EQUIVALENTS - December 31	*5*	**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 24^{th} 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 24^{th} method. The 24^{th} method assumes that the average date of issue of all contracts written during any one month is the middle of that month. Accordingly, $1/24^{th}$ of the net premiums are considered earned in the month the reinsurance contracts are issued and $2/24^{th}$ for every month thereafter (or $1/24^{th}$ 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 24^{th} 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.

The following tables shows the estimates of cumulative incurred claims, gross of retrocession, for each underwriting year at each reporting date, together with cumulative claims paid as at December 31, 2022 and 2021.

December 31, 2022

Underwriting Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At the end of the financial year	P743,734	P1,483,681	P272,473	P717,719	P897,480	P1,138,057	P1,165,821	P1,290,466	P1,183,374	P2,040,812	P1,339,414	P1,339,414
One year later	1,377,174	2,440,547	686,645	1,283,413	1,656,564	1,937,270	2,289,258	2,772,517	2,312,647	4,802,950	–	4,802,950
Two years later	1,451,510	2,722,125	658,019	1,236,790	1,535,032	2,064,256	2,362,725	2,629,680	2,466,579	–	–	2,466,579
Three years later	1,574,077	2,609,786	599,759	1,218,140	1,343,396	1,975,410	2,239,296	2,515,554	–	–	–	2,515,554
Four years later	1,598,624	2,524,978	533,459	1,164,234	1,233,461	1,843,450	2,200,841	–	–	–	–	2,200,841
Five years later	1,551,803	2,363,561	567,326	1,172,752	1,229,371	1,845,777	–	–	–	–	–	1,845,777
Six years later	1,506,742	2,365,157	568,638	1,169,573	1,240,047	–	–	–	–	–	–	1,240,047
Seven years later	1,506,713	2,364,975	574,163	1,165,370	–	–	–	–	–	–	–	1,165,370
Eight years later	1,502,290	2,016,071	567,299	–	–	–	–	–	–	–	–	567,299
Nine years later	1,511,306	2,020,924	–	–	–	–	–	–	–	–	–	2,020,924
Ten years later	1,582,054	–	–	–	–	–	–	–	–	–	–	1,582,054
Estimate of cumulative claims	1,582,054	2,020,924	567,299	1,165,370	1,240,047	1,845,777	2,200,841	2,515,554	2,466,579	4,802,950	1,339,414	21,746,809
Cumulative payments to date	(1,407,748)	(1,894,614)	(505,990)	(1,144,109)	(867,931)	(1,730,033)	(2,037,251)	(2,049,375)	(1,586,087)	(1,358,997)	(221,781)	(14,803,916)
Total current estimate of loss reserves (2012-2022)	174,306	126,310	61,309	21,261	372,116	115,744	163,590	466,179	880,492	3,443,953	1,117,633	6,942,893
Beginning balance of 2011 and prior underwriting years												1,629,546
Movement of 2011 and prior underwriting years, gross of settlement												(193,334)
Payments made during the year for 2011 and prior underwriting years												(128,278)
Foreign exchange revaluation and other adjustments												292,364
Total current estimate of loss reserves (Note 19)												P8,543,191

December 31, 2021

Underwriting Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the end of the financial year	P437,705	P743,734	P1,483,681	P272,473	P717,719	P897,480	P1,138,057	P1,165,821	P1,290,466	P1,183,374	P2,040,812	P2,040,812
One year later	2,276,691	1,377,174	2,440,547	686,645	1,283,413	1,656,564	1,937,270	2,289,258	2,772,517	2,312,647	–	2,312,647
Two years later	2,436,436	1,451,510	2,722,125	658,019	1,236,790	1,535,032	2,064,256	2,362,725	2,629,680	–	–	2,629,680
Three years later	3,746,436	1,574,077	2,609,786	599,759	1,218,140	1,343,396	1,975,410	2,239,296	–	–	–	2,239,296
Four years later	3,829,394	1,598,624	2,524,978	533,459	1,164,234	1,233,461	1,843,450	–	–	–	–	1,843,450
Five years later	3,812,563	1,551,803	2,363,561	567,326	1,172,752	1,229,371	–	–	–	–	–	1,229,371
Six years later	3,787,629	1,506,742	2,365,157	568,638	1,169,573	–	–	–	–	–	–	1,169,573
Seven years later	3,797,927	1,506,713	2,364,975	574,163	–	–	–	–	–	–	–	574,163
Eight years later	3,781,708	1,502,290	2,016,071	–	–	–	–	–	–	–	–	2,016,071
Nine years later	3,777,315	1,511,306	–	–	–	–	–	–	–	–	–	1,511,306
Ten years later	3,795,693	–	–	–	–	–	–	–	–	–	–	3,795,693
Estimate of cumulative claims	3,795,693	1,511,306	2,016,071	574,163	1,169,573	1,229,371	1,843,450	2,239,296	2,629,680	2,312,647	2,040,812	21,362,062
Cumulative payments to date	(3,688,808)	(1,406,098)	(1,883,510)	(492,819)	(1,140,514)	(856,139)	(1,707,304)	(1,950,619)	(1,718,355)	(825,844)	(57,517)	(15,727,527)
Total current estimate of loss reserves (2011-2021)	106,885	105,208	132,561	81,344	29,059	373,232	136,146	288,677	911,325	1,486,803	1,983,295	5,634,535
Beginning balance of 2010 and prior underwriting years												1,609,641
Movement of 2010 and prior underwriting years, gross of settlement												(78,684)
Payments made during the year for 2010 and prior underwriting years												(8,296)
Foreign exchange revaluation and other adjustments												160,579
Total current estimate of loss reserves (Note 19)												P7,317,775

The following tables shows the estimates of cumulative incurred claims, net of retrocession, for each underwriting year at each reporting date, together with cumulative claims paid as at December 31, 2022 and 2021.

December 31, 2022

Underwriting Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
At the end of the financial year	P752,041	P871,508	P213,369	P408,903	P611,372	P1,019,477	P1,070,831	P1,104,462	P993,096	P1,371,731	P1,028,085	P1,028,085
One year later	1,166,414	1,316,239	530,461	633,978	1,300,749	1,858,551	2,026,991	2,230,141	1,955,794	2,412,503	–	2,412,503
Two years later	1,233,206	1,058,624	540,712	609,307	1,297,926	1,939,580	2,009,116	2,124,286	2,033,028	–	–	2,033,028
Three years later	1,127,832	1,083,323	517,872	602,343	1,275,113	1,907,942	1,911,154	2,056,128	–	–	–	2,056,128
Four years later	1,149,516	1,162,020	485,300	567,379	1,222,112	1,776,201	1,880,224	–	–	–	–	1,880,224
Five years later	1,088,884	1,145,255	507,988	569,312	1,220,092	1,776,254	–	–	–	–	–	1,776,254
Six years later	1,067,718	1,136,074	510,739	564,351	1,218,216	–	–	–	–	–	–	1,218,216
Seven years later	1,079,424	1,098,621	510,815	561,318	–	–	–	–	–	–	–	561,318
Eight years later	1,107,050	1,090,661	499,855	–	–	–	–	–	–	–	–	499,855
Nine years later	1,109,625	1,089,233	–	–	–	–	–	–	–	–	–	1,089,233
Ten years later	1,112,027	–	–	–	–	–	–	–	–	–	–	1,112,027
Estimate of cumulative claims	1,112,027	1,089,233	499,855	561,318	1,218,216	1,776,254	1,880,224	2,056,128	2,033,028	2,412,503	1,028,085	15,666,871
Cumulative payments to date	(1,073,184)	(1,060,625)	(449,325)	(550,148)	(1,138,636)	(1,666,434)	(1,747,908)	(1,689,013)	(1,349,919)	(1,049,038)	(173,328)	(11,947,558)
Total current estimate of loss reserves (2012-2022)	38,843	28,608	50,530	11,170	79,580	109,820	132,316	367,115	683,109	1,363,465	854,757	3,719,313
Beginning balance of 2011 and prior underwriting years												738,995
Movement of 2011 and prior underwriting years, gross of settlement												(95,315)
Reversals (payment) made during the year for 2011 and prior underwriting years												(32,421)
Allowance for impairment *(see Note 13)*												135,238
Foreign exchange revaluation and other adjustments												248,760
Total current estimate of loss reserves, net												P4,714,570

December 31, 2021

Underwriting Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
At the end of the financial year	P388,456	P752,041	P871,508	P213,369	P408,903	P611,372	P1,019,477	P1,070,831	P1,104,462	P993,096	P1,371,731	P1,371,731
One year later	580,212	1,166,414	1,316,239	530,461	633,978	1,300,749	1,858,551	2,026,991	2,230,141	1,955,794	–	1,955,794
Two years later	587,782	1,233,206	1,058,624	540,712	609,307	1,297,926	1,939,580	2,009,116	2,124,286	–	–	2,124,286
Three years later	1,257,465	1,127,832	1,083,323	517,872	602,343	1,275,113	1,907,942	1,911,154	–	–	–	1,911,154
Four years later	1,256,110	1,149,516	1,162,020	485,300	567,379	1,222,112	1,776,201	–	–	–	–	1,776,201
Five years later	1,279,786	1,088,884	1,145,255	507,988	569,312	1,220,092	–	–	–	–	–	1,220,092
Six years later	1,287,779	1,067,718	1,136,074	510,739	564,351	–	–	–	–	–	–	564,351
Seven years later	1,296,229	1,079,424	1,098,621	510,815	–	–	–	–	–	–	–	510,815
Eight years later	1,281,610	1,107,050	1,090,661	–	–	–	–	–	–	–	–	1,090,661
Nine years later	1,280,708	1,109,625	–	–	–	–	–	–	–	–	–	1,109,625
Ten years later	1,280,793	–	–	–	–	–	–	–	–	–	–	1,280,793
Estimate of cumulative claims	1,280,793	1,109,625	1,090,661	510,815	564,351	1,220,092	1,776,201	1,911,154	2,124,286	1,955,794	1,371,731	14,915,503
Cumulative payments to date	(1,252,884)	(1,071,534)	(1,049,892)	(445,116)	(549,391)	(1,134,438)	(1,644,174)	(1,666,308)	(1,445,421)	(690,165)	(51,431)	(11,000,754)
Total current estimate of loss reserves (2011-2021)	27,909	38,091	40,769	65,699	14,960	85,654	132,027	244,846	678,865	1,265,629	1,320,300	3,914,749
Beginning balance of 2010 and prior underwriting years												730,624
Movement of 2010 and prior underwriting years, gross of settlement												(24,194)
Reversals (payment) made during the year for 2010 and prior underwriting years												4,656
Allowance for impairment *(see Note 13)*												99,444
Foreign exchange revaluation and other adjustments												103,172
Total current estimate of loss reserves, net												P4,828,451

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 Increase (Decrease)		Impact on Income after Income Tax 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	*Note*	**2022**	2021
Domestic		**P2,533,087**	P2,120,180
Foreign		**1,327,995**	1,813,190
	6	**P3,861,082**	P3,933,370

By Source	*Note*	**2022**	2021
Life		**P1,374,716**	P1,287,335
Nonlife		**2,486,366**	2,646,035
	6	**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:

	Note	**2022**	2021
Government securities		**P3,972,097**	P4,434,774
Corporate bonds		**60,627**	35,784
	8	**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:

	Note	**2022**	2021
Corporate bonds		**P1,912,939**	P1,804,427
Government securities		**1,145,585**	586,331
	9	**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.

		December 31, 2022				
		Neither Past Due nor Impaired				
	Notes	**Investment High Grade**	**Non-investment Grade**	**Past Due but not Impaired**	**Impaired**	**Total**
Cash and cash equivalents	*5*	**P724,726**	**P–**	**P–**	**P–**	**P724,726**
Reinsurance balances receivable	*6*	**1,904,244**	**307,196**	**1,163,021**	**486,621**	**3,861,082**
AFS financial assets - debt securities	*8*	**4,032,724**	**–**	**–**	**–**	**4,032,724**
HTM investments	*9*	**3,058,524**	**–**	**–**	**–**	**3,058,524**
Other investments	*10*	**442,292**	**–**	**–**	**–**	**442,292**
Loans and receivables	*11*	**60,957**	**25,252**	**–**	**–**	**86,209**
Reinsurance recoverable on reported losses	*13*	**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				
	Notes	Investment High Grade	Non-investment Grade	Past Due but not Impaired	Impaired	Total
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:

	Notes	**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		
		Effect in Other Comprehensive Income	
	Observed Volatility Rates	**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		
		Effect in Other Comprehensive Income	
	Observed Volatility Rates	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:

		2022				
	Notes	**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	*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**

		2021				
	Notes	Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
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.

	Notes	2022 Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
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 Due from ceding companies	Reinsurance recoverable on paid losses	Funds held by ceding companies	Due from reinsurers	Total
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:

	Note	**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:

	Notes	**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:

	Notes	**2022**	2021
Current:			
Loans and notes receivable		**P20,587**	P11,958
Dividend and interest receivable		**60,957**	43,433
	35	**81,544**	55,391
Non-current:			
Loans and notes receivable	*35*	**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:

	Notes	**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**

	Notes	Reinsurance recoverable on reported losses	Reinsurance recoverable on claims reserves
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:

	Note	**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:

	Note	**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	*23.3*	**(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:

	Notes	**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.

	Note	**2022**	2021
Balance at beginning of year, net of accumulated amortization		**P10,501**	P17,516
Amortization	*24*	**(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			
	Due to retrocessionaires	**Due to cedant**	**Funds held for retrocessionaires**	**Total**
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			
	Due to retrocessionaires	Due to cedant	Funds held for retrocessionaires	Total
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:

	Note	**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	*27.3*	**2,543**	2,543
Defined benefit liability	*24.2 (b)*	**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.

December 31, 2022	*Notes*	**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**

December 31, 2021	*Notes*	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:

	Note	**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.

	Note	**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:

	Note	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
Reported in statements of income:			
Current service cost	**P11,521**	P10,461	P10,293
Net interest income	**(477)**	(311)	(631)
	P11,044	P10,150	P9,662

	2022	2021	2020
Reported in other comprehensive loss (income):			
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	*Notes*	**As previously presented**	**Reclassification adjustment**	**As reclassed**
Reinsurance recoverable on reported losses - net	*13*	P1,854,884	(P277,591)	P1,577,293
Losses and claims payable	*19*	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:

	Notes	**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.

		2022		2021	
	Notes	**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).

	Notes	**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.

	Notes	Level 1	Level 2	Level 3	Total
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*

	Notes	Level 1	Level 2	Level 3	Total
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**	
	Notes	**Fair Value**	**Fair value change during the reporting period**	**Fair Value**	**Fair value change during the reporting period**
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	
	Notes	Fair Value	Fair value change during the reporting period	Fair Value	Fair value change during the reporting period
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 increases 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.

	Notes	**2022**	2021
Current Assets:			
Cash and cash equivalents	*5*	**P724,726**	P658,187
Reinsurance balances receivable - net	*6*	**3,374,461**	3,422,158
HFT securities	*7*	**289,520**	–
AFS financial assets	*8*	**4,770,033**	5,918,342
HTM investments	*9*	**264,222**	251,084
Other investments	*10*	**442,292**	
Loans and receivables	*11*	**81,544**	55,391
Reinsurance recoverable on reported losses – net	*13*	**572,746**	330,156
Reinsurance recoverable on claim reserves	*13*	**204,737**	218,113
Deferred acquisition costs	*14*	**292,244**	251,022
Deferred reinsurance premiums	*15*	**604,454**	432,337
Other assets – net	*16*	**162,466**	104,948
Total Current Assets		**P11,783,445**	P11,641,738

	Notes	**2022**	2021
Current Liabilities:			
Reinsurance balances payable	*17*	**P2,097,223**	P1,597,074
Forward liability	*7*	**89,332**	–
Accounts payable and accrued expenses	*18*	**239,938**	221,384
Losses and claims payable	*19*	**1,495,084**	1,132,434
Claims reserves	*19*	**626,480**	742,071
Premium reserves	*20*	**1,643,915**	1,493,152
Deferred reinsurance commissions	*21*	**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.

	Notes	**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
	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
	P50,482,634

(h) 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.

R.G. Manabat & Co.
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
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.

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.

(original signed)

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 6,203,815 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 5,194,414 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 81,544 Quick Assets 4,180,731 Divide by: Total Current Liabilities 6,203,815 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 55,391 Quick Assets 4,135,736 Divide by: Total Current Liabilities 5,194,414 Acid test ratio 0.80	0.80
Solvency ratio	Total Assets divided by Total Liabilities Total Assets 18,338,016 Divide by: Total Liabilities 12,737,602 Solvency ratio 1.44	1.44	Total Assets divided by Total Liabilities Total Assets 16,441,156 Divide by: Total Liabilities 10,776,946 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 5,600,414 Debt-to-equity ratio 2.27	2.27	Total Liabilities divided by Total Equity Total Liabilities 10,776,946 Divide by: Total Equity 5,664,210 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 5,600,414 Assets-to-equity ratio 3.27	3.27	Total Assets divided by Total Equity Total Assets 16,441,156 Divide by: Total Equity 5,664,210 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 75 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 133 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 5,600,414 Return on equity 0.01	0.01	Net Profit divided by Total Equity Net Profit 141,699 Divide by: Total Equity 5,664,210 Return on equity 0.03	0.03
Return on assets	Net Profit divided by Total Assets Net Profit 55,701 Divide by: Total Assets 18,338,016 Return on assets 0.00	0.00	Net Profit divided by Total Assets Net Profit 141,699 Divide by: Total Assets 16,441,156 Return on assets 0.01	0.01
Net profit margin	Net Profit divided by Total Revenue* Net Profit 55,701 Divide by: Total Revenue* 2,999,752 Net profit margin 0.02	0.02	Net Profit divided by Total Revenue* Net Profit 141,699 Divide by: Total Revenue* 2,870,978 Net profit margin 0.05	0.05

**Composed of Reinsurance premiums – net of returns, Retroceded premiums and Movement in premium reserves - net*

R.G. Manabat & Co.
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
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.

(original signed)

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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PTR No. MKT 9563831
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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
Int'l. 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 Hotelliers 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
PIID0324C115	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**
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**
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				
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**
I 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
ALI2FXBD2026	125,000,000	129,795,783	123,582,000	6,621,162
ALI3FXBD2025	100,000,000	100,869,158	91,651,693	3,561,539
ALIFXBND2026	25,000,000	25,363,198	23,642,325	1,107,567
ALIFXBND2027	50,000,000	52,525,863	46,796,950	2,092,880
ALIFXBND2028	110,000,000	110,091,888	109,884,720	6,235,299
ALIFXBND2031	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
DNLFXBND2024	25,000,000	24,879,607	23,810,700	765,315
DNLFXBND2026	17,200,000	17,200,000	15,437,946	618,546
EDCFXBND2026	12,090,000	12,090,000	10,717,120	451,018
FDCFXBND2024	75,330,000	76,331,601	74,829,131	3,449,914
FLI2FXBD2027	2,500,000	2,500,000	2,397,670	83,746
FLIFXBND2025	75,000,000	77,258,186	72,479,325	3,248,363
FLIFXBND2027	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
RCBFXBND2023	50,000,000	50,000,000	50,164,600	1,600,000
RLCFXBND2023	50,000,000	50,266,840	50,247,399	1,360,617
SMCFXBND2024	67,000,000	67,000,000	65,180,213	3,540,280
SMPH2FBD2023	48,560,000	48,560,000	48,476,712	1,192,876
SMPH2FBD2024	159,199,000	161,315,167	155,830,387	6,092,134
SMPH3FBD2025	100,000,000	101,223,341	94,858,000	3,378,314
SMPHFXBD2023	30,500,000	30,500,000	30,475,509	1,727,215
SMPHFXBD2025	17,800,000	17,760,522	16,536,965	515,083
SMPHFXBD2026	75,000,000	72,396,084	66,983,850	3,800,700
SMPHFXBD2028	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**

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
	4,602,508	98,635,460	98,635,460	3,555,659
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	
	100,776	100,626,899	100,626,899	-
FORWARD ASSET		90,257,796	90,257,796	-
TOTAL HELD-FOR-TRADING SECURITIES	**4,703,284**	**289,520,155**	**289,520,155**	**3,555,659**
GRAND TOTAL FINANCIAL ASSETS		**9,409,246,387**	**9,322,261,853**	**327,135,788**

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 AQUINO [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 MELENDEZ	Rank & File	11/26/2021	28,814		28,814	-	-	-	-
11 JACKILYN M MELENDEZ	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	Senior Manager	08/23/2022	-	480,000	19,722	-	-	460,278	460,278
15 LILLE 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	10/28/2021	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	07/18/2018	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		58,632	-	58,437	-	195	-	195
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 MELENDEZ	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 YLASCO	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	-	929,577	-	929,577
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

				Deductions		Ending Balance		
Name of employee	Designation	Bal. at beg. of period	Additions	Amounts collected	Amounts Written off	Current	Non-Current	Balance at end of period

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 (iii)

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)

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)

NA

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 PHILIS.	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 BENITEZ	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 YTURRALDE	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 JUNTEREAL 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 MALLILLIN, 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 TITA 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 UTITCO 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
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		-
Sub-total			36,474,751
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)		-
Sub-total			-
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		-
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

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