Reference No : 462400059252366
Date Filed : April 19, 2024 09:51 AM
Batch Number : 0

Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR Use Only: BCS/ Item:

BIR Form No. **1702-RT** January 2018(ENCS) **Page 1**

Annual Income Tax Return

For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X". Two Copies MUST be filed with the BIR and one held by the taxpayer.

1702-RT 01/18ENCS P1

1 For (●) Calendar ( ) Fiscal 2 Year Ended (MM/20YY) 12/2023	3 Amended Return? (●) Yes ( ) No	4 Short Period Return? ( ) Yes (●) No	5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) IC010 DOMESTIC CORPORATION IN GENERAL

Part I - Background Information

6 Taxpayer Identification Number (TIN)	000 - 753 - 444 - 000
7 RDO Code	034
8 Registered Name *(Enter only 1 letter per box using CAPITAL LETTERS)*	COUNTRY BANKERS LIFE INS CORP
9A Registered Address *(Indicate complete registered address)*	6/F COUNTRY BANKERS CENTRE 648 TM KALAW AVENUE BRGY 666 ZONE 72 MANILA
9B Zipcode	1000
10 Date of Incorporation/Organization (MM/DD/YYYY)	02/01/1995
11 Contact Number	5264311
12 Email Address	leoa.cblic@gmail.com
13 Method of Deductions	(●) Itemized Deductions [Section 34 (A-J), NIRC] ( ) Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]

Part II - Total Tax Payable *(Do NOT enter Centavos)*

14 Total Income Tax Due (Overpayment) *(From Part IV Item 43)*		748,451
15 Less: Total Tax Credits/Payments *(From Part IV Item 55)*		1,681,479
16 Net Tax Payable (Overpayment) *(Item 14 Less Item 15) (From Part IV Item 56)*		(933,028)
Add Penalties		
17 Surcharge	0	
18 Interest	0	
19 Compromise	0	
20 Total Penalties *(Sum of Items 17 to 19)*		0
21 TOTAL AMOUNT PAYABLE (Overpayment) *(Sum of Item 16 and 20)*		(933,028)

If Overpayment, mark "X" one box only *(Once the choice is made, the same is irrevocable)*

( ) To be refunded ( ) To be issued a Tax Credit Certificate (TCC) (●) To be carried over as tax credit next year/quarter

We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. *(If Authorized Representative, attach authorization letter and indicate TIN)*

ROMEO G. VELACQUEZ - PRESIDENT

Signature over printed name of President/Principal Officer/Authorized Representative

Signature over printed name of Treasurer/Assistant Treasurer

22 Number of Attachments: 4

Title of Signatory		TIN		Title of Signatory		TIN	

Part III - Details of Payment

Particulars	Drawee Bank/Agency	Number	Date *(MM/DD/YYYY)*	Amount
23 Cash/Bank Debit Memo				0
24 Check				0
25 Tax Debit Memo				0
26 Others *(Specify Below)*				
				0

Machine Validation/Revenue Official Receipts Details *(if not filed with an Authorized Agent Bank)*

Stamp of Receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)

RECEIVED PACO-PANDACAN-STA. ANA APR 23 2024 DARIO L. ASEBUQUE, JR. Revenue Officer

BIR Form No. **1702-RT** January 2018(ENCS) **Page 2**	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P2

Taxpayer Identification Number (TIN)	**Registered Name**
000 - 753 - 444 - 000	COUNTRY BANKERS LIFE INS CORP

Part IV - Computation of Tax *(Do NOT enter Centavos)*

27 Sales/Receipts/Revenues/Fees		505,366,752
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees *(Item 27 Less Item 28)*		505,366,752
30 Less: Cost of Sales/Services		461,284,479
31 Gross Income from Operation *(Item 29 Less Item 30)*		44,082,273
32 Add: Other Taxable Income Not Subjected to Final Tax		5,814,458
33 **Total Taxable Income** *(Sum of Items 31 and 32)*		49,896,731
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	80,420,900	
35 Special Allowable Itemized Deductions *(From Part VI Schedule II Item 5)*	0	
36 NOLCO *(only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)*	0	
37 Total Deductions *(Sum of Items 34 to 36)*	80,420,900	
***OR** [in case taxable under Sec 27(A) & 28(A)(1)]*		
38 Optional Standard Deduction *(40% of Item 33)*	0	
39 **Net Taxable Income/(Loss)** *(If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)*		(30,524,169)
40 **Applicable Income Tax Rate**		25 %
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) *(Item 39 x Item 40)*		0
42 MCIT Due *(2% of Item 33)*		748,451
43 **Tax Due** *(Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)*		748,451
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		1,287,125
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year *(From Part VI Schedule IV Item 4)*		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		394,354
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits *(To Part V Item 58)*		0
Other Credits/Payments *(Specify)*		
53		0
54		0
55 Total Tax Credits/Payments *(Sum of Items 44 to 54) (To Part II Item 15)*		1,681,479
56 **Net Tax Payable / (Overpayment)** *(Item 43 Less Item 55)) (To Part II Item 16)*		(933,028)

Part V - Tax Relief Availment

57 Special Allowable Itemized Deductions *(Item 35 of Part IV x Applicable Income Tax Rate)*	0
58 Add: Special Tax Credits *(From Part IV Item 52)*	0
59 **Total Tax Relief Availment** *(Sum of Items 57 and 58)*	0

BIR Form No.
1702-RT
January 2018(ENCS)
Page 3

Annual Income Tax Return

Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate

1702-RT 01/18ENCS P3

Taxpayer Identification Number (TIN)	Registered Name
000 - 753 - 444 - 000	COUNTRY BANKERS LIFE INS CORP

Schedule I - Ordinary Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

1 Amortizations	924,455
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	3,786,761
6 Entertainment, Amusement and Recreation	3,848,574
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	147,054
12 Research and Development	0
13 Salaries, Wages and Allowances	10,734,148
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	2,892,028
16 Transportation and Travel	3,995,955
17 Others (Deductions Subject to Withholding Tax and Other Expenses) *[Specify below; Add additional sheet(s), if necessary]*	
a Janitorial and Messengerial Services	0
b Professional Fees	1,893,529
c Security Services	0
d EMPLOYEES BENEFITS	21,555,756
e RETIREMENT BENEFITS	6,134,236
f LIGHT, HEAT AND UTILITIES	5,721,741
g SSS PREMIUMS, PAGIBIG AND MEDICARE	3,899,193
h POSTAGE, MAILING AND COMMUNICATIONS	2,900,631
i OTHERS	11,986,839
18 Total Ordinary Allowable Itemized Deductions *(Sum of Items 1 to 17i) (To Part IV Item 34)*	80,420,900

Schedule II - Special Allowable Itemized Deductions *(Attach additional sheet/s, if necessary)*

	Description	Legal Basis	Amount
1			0
2			0
3			0
4			0
5 Total Special Allowable Itemized Deductions *(Sum of Items 1 to 4) (To Part IV Item 35)*			0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	**Annual Income Tax Return** Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	1702-RT 01/18ENCS P4

Taxpayer Identification Number (TIN)	Registered Name
000 - 753 - 444 - 000	COUNTRY BANKERS LIFE INS CORP

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)

1 Gross Income *(From Part IV Item 33)*	49,896,731
2 Less: Ordinary Allowable Itemized Deductions *(From Part VI Schedule I Item 18)*	80,420,900
3 Net Operating Loss*(Item 1 Less Item 2) (To Schedule IIIA, Item 7A)*	(30,524,169)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) *(DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)*

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2023	30,524,169	0
5 2022	89,297,933	0
6 2021	96,042,984	0
7	0	0

Continuation of Schedule IIIA (Item numbers continue from table above)

	C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) *[E = A Less (B + C + D)]*
4	0	0	30,524,169
5	0	0	89,297,933
6	0	0	96,042,984
7	0	0	0
8 Total NOLCO *(Sum of Items 4D to 7D) (To Part IV, Item 36)*		0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV *(Item numbers continue from table above)*

	D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	**F) Excess MCIT Applied this Current Taxable Year**	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1	0	0	0	0
2	0	0	0	0
3	0	0	0	0
Total Excess MCIT Applied *(Sum of Items 1F to 3F) (To Part IV Item 47)*			0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income *(attach additional sheet/s, if necessary)*

1 Net Income/(Loss) per books	(600,420)
Add: Non-deductible Expenses/Taxable Other Income	
2 REPRESENTATION EXPENSE	13,498,900
3 OTHERS	3,909,563
4 Total *(Sum of Items 1 to 3)*	16,808,043
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INVESTMENT INCOME	46,178,785
6 OTHERS	1,153,427
B) Special Deductions	
7	0
8	0
9 Total (Sum of Items 5 to 8)	47,332,212
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(30,524,169)

COUNTRY BANKERS LIFE
INSURANCE CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **COUNTRY BANKERS LIFE INSURANCE CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of **COUNTRY BANKERS LIFE INSURANCE CORPORATION,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's book and records with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the **COUNTRY BANKERS LIFE INSURANCE CORPORATION** has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

MA. VICTORIA G. GUINGONA
Chairwoman of the Board

ROMEO G. VELASQUEZ
President

ANTOLIN T. NAGUIAT
Treasurer

Signed this 12th day of April 2024.

SUBSCRIBED AND SWORN to before me this 12th day of April, 2024 affiants exhibiting to me their Residence Certificates, as follows:

Name	TIN	Res. Cert. Number	Date of Issue	Place of Issue
Ma. Victoria G. Guingona	132-174-905	16456940	01/16/2024	Malaybalay, Bukidnon
Romeo G. Velasquez	107-785-272	15643112	01/05/2024	Manila
Antolin T. Naguiat	116-718-415	15643113	01/05/2024	Manila

ATTY. JOHN EDWARD T. ANG
Notary Public for City of Manila
NOTARY PUBLIC
2F Midland Bldg., 1563, Mabini St. Ermita, Manila
Notarial Commission No. 2023-001 Manila until 12-31-2024
IBP No. 393541 Issued on Jan. 3, 2024 until Dec. 31, 2024 Pasig City
PTR No. 1535522 Jan. 3, 2024 until Dec. 31, 2024 Manila
Roll No. 68731 Issued on May 29, 2017
MCLE No. VII-0011675 Issued on March 1, 2022 until April 14, 2025

Doc. No. 438;
Page No. 99;
Book No. XL;
Series of 2024.

RDO 34 - PACO-PANDACAN-STA. ANA-SAN ANDRES
RECEIVED
APR 23 2024
DARIO L. ASEBUQUE, JR.
Revenue Officer

Country Bankers Center
648 T.M. Kalaw Avenue,
Ermita, Manila 1000 Philippines
8523-8611 to 18
8536-1056
info@countrybankerslife.com.ph
http://life.countrybankers.com

COUNTRY BANKERS LIFE INSURANCE CORPORATION
Country Bankers Centre, 648 T. M. Kalaw Avenue
Ermita, Manila

FINANCIAL REPORTS
December 31, 2023 and 2022

SUPPLEMENTAL WRITTEN STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and the Board of Directors
COUNTRY BANKERS LIFE INSURANCE CORPORATION
Country Bankers Centre, 648 T. M. Kalaw Avenue
Ermita, Manila

We have audited the financial statements of **COUNTRY BANKERS LIFE INSURANCE CORPORATION, INC.** for the year ended December 31, 2023, on which we have rendered the attached report dated April 12, 2024.

In compliance with the Revised SRC Rule 68, we are stating that the above Company has one hundred one (101) stockholders owning one hundred (100) or more shares each.

BANARIA, BANARIA AND COMPANY, CPAs

By: ELMA P. REVERENTE
Partner
CPA Certificate No. 39391
Tax Identification No. 134-638-973
PTR No. 5643884, January 11, 2024, Quezon City
CTC No. 19513955, January 12, 2024, Quezon City
BOA Accreditation No. 0030, valid until August 20, 2024 (Firm)
BIR Accreditation No. 07-000125-003-2023, valid until November 10, 2026 (Partner)
BIR Accreditation No. 07-000089-004-2023, valid until July 14, 2026 (Firm)
IC Accreditation No. 39391-IC, valid until April 13, 2028 (Partner)
IC Accreditation No. 0030-IC, valid until October 27, 2026 (Firm)

April 12, 2024

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
COUNTRY BANKERS LIFE INSURANCE CORPORATION
Country Bankers Centre, 648 T.M. Kalaw Avenue
Ermita, Manila

Opinion

We have audited the financial statements of **COUNTRY BANKERS LIFE INSURANCE CORPORATION, INC.** ("the Company"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the statements of comprehensive income (loss), statements of changes in stockholders' equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.

RDO 34, PACO-PANDACAN-STA. ANA-SAN ANDRES
RECEIVED
APR 2 3 2024
DARIO L. ASEBUQUE, JR.
Revenue Officer

10 Scout Bayoran Street, South Triangle, Diliman, Quezon City 1103
Tel Nos.: 8372-4281; 8372-4282 / Fax No.: 8372-4280 / Email: banaria_cpas@yahoo.com

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 disclosure 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

Report on Legal and Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 26 to financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits 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.

BANARIA, BANARIA AND COMPANY, CPAs

By: ELMA P. REVERENTE
Partner
CPA Certificate No. 39391
Tax Identification No. 134-638-973
PTR No. 5643884, January 11, 2024, Quezon City
CTC No. 19513955, January 12, 2024, Quezon City
BOA Accreditation No. 0030, valid until August 20, 2024 (Firm)
BIR Accreditation No. 07-000125-003-2023, valid until November 10, 2026 (Partner)
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IC Accreditation No. 0030-IC, valid until October 27, 2027 (Firm)

RR6-RDO 34, PACO-PANDACAN-STA. ANA-SAN ANDRES
RECEIVED
APR 23 2024
DARIO L. ASEBUQUE, JR.
Revenue Officer

April 12, 2024

Country Bankers Life
Insurance Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of COUNTRY BANKERS LIFE INSURANCE CORPORATION is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2022 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Banaria, Banaria and Company, CPAs, the independent auditor appointed by the stockholders for the periods December 31, 2022 and 2023, respectively, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

MA. VICTORIA G. GUINGONA
Chairwoman of the Board

ROMEO G. VELASQUEZ
President

ANTOLIN T. NAGUIAT
Treasurer

Signed this 12th day of APRIL 2024.

SUBSCRIBED AND SWORN to before me this 12th day of APRIL, 2024 affiants exhibiting to me their Residence Certificates, as follows:

Name	TIN	Res. Cert. No.	Date of Issue	Place of Issue
Ma. Victoria G. Guingona	132-174-905	16456940	01/16/2024	Malaybalay, Bukidnon
Romeo G. Velasquez	107-785-272	15643112	01/05/2024	Manila
Antolin T. Naguiat	116-718-415	15643113	01/05/2024	Manila

ATTY. JOHN EDWARD T. ANG
NOTARY PUBLIC
2F ... Ermita, Manila
Notarial Commission ... until 12-31-2024
IBP No. 393541 Issued on Jan. 3, 2024 until Dec. 31, 2024 Pasig City
PTR No. 1535522 Jan. 3, 2024 until Dec. 31, 2024 Manila
Roll No. 68731 Issued on May 29, 2017
MCLE No. VII-0011675 Issued on March 1, 2022 until April 14, 2025

Doc. No. 489;
Page No. 99;
Book No. XV;
Series of 2024;

RECEIVED
APR 23 2024
DARIO L. ASEBUQUE, JR.
Revenue Officer

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COUNTRY BANKERS LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022
(All Amounts in Philippine Peso)

ASSETS	Note		2023		2022
CURRENT ASSETS					
Cash	7	P	193,623,357.02	P	196,947,049.73
Insurance balance receivables	8		423,172,141.85		392,468,488.10
Accounts and other receivables	9		27,165,072.93		18,476,982.85
Held-to-maturity financial assets	12		89,689,835.95		300,271,420.90
Other current assets	10		3,783,971.86		4,140,812.73
Total			737,434,379.61		912,304,754.31
NON-CURRENT ASSETS					
Available-for-sale financial assets	11		141,662,503.51		107,775,104.96
Held-to-maturity financial assets	12		937,197,422.93		636,845,157.48
Investment property	13		75,692,240.00		59,006,510.00
Property and equipment, net	14		159,510,599.26		157,104,468.28
Other non-current assets	15		63,505,637.02		56,452,992.05
Total			1,377,568,402.72		1,017,184,232.77
TOTAL ASSETS		P	2,115,002,782.33	P	1,929,488,987.08
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Policy and contract liabilities	16	P	99,503,646.59	P	101,169,819.98
Other current liabilities	17		251,086,463.48		204,933,181.04
Total			350,590,110.07		306,103,001.02
NON-CURRENT LIABILITIES					
Pension benefit obligation	18		11,971,629.00		3,022,324.00
Aggregate reserve for life policies and contracts	19		233,693,532.77		248,968,751.74
Total			245,665,161.77		251,991,075.74
TOTAL LIABILITIES			596,255,271.84		558,094,076.76
TOTAL STOCKHOLDERS' EQUITY (Exhibit C)			1,518,747,510.49		1,371,394,910.32
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		P	2,115,002,782.33	P	1,929,488,987.08

(See accompanying notes to the financial statements)

EXHIBIT A

COUNTRY BANKERS LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the Years Ended December 31, 2023 and 2022
(All Amounts in Philippine Peso)

	Note	2023	2022
UNDERWRITING INCOME			
Premiums and other income			
Creditors' group life		P 358,788,435.04	P 348,402,790.38
Group term premiums		121,903,893.89	132,764,058.06
Group mortgage redemption insurance		20,565,879.52	23,317,672.24
Life		2,011,080.68	2,863,133.72
Supplementary contracts		2,300.00	800.00
Total		503,271,589.13	507,348,454.40
Increase in due and uncollected premiums and annuity considerations		2,095,162.90	365,321.07
Total underwriting income		505,366,752.03	507,713,775.47
UNDERWRITING EXPENSES			
Benefits paid or provided			
Increase in legal policy reserves		(15,396,025.14)	(7,275,727.55)
Policy claims and losses	21	357,418,205.07	410,971,351.06
Cash surrender value		575,411.41	624,066.45
Maturity benefits		9,446,143.90	11,019,995.28
Pure endowment		431,181.87	324,461.09
Total		(352,474,917.11)	(415,664,146.33)
Insurance expenses			
Commissions		61,377,232.63	64,383,175.56
Premium and documentary stamp taxes		10,563,831.78	10,728,449.09
Medical and inspection fees		129,716.64	157,544.35
Total		(72,070,781.05)	(75,269,169.00)
Production expenses	22	(39,957,716.96)	(40,432,236.80)
Total underwriting expenses		(464,503,415.12)	(531,365,552.13)
NET UNDERWRITING INCOME (LOSS)		40,863,336.91	(23,651,776.66)
Other income, net	23	53,146,669.63	28,664,717.72
Total underwriting and other income		94,010,006.54	5,012,941.06
General and administrative expenses	24	(94,610,426.03)	(86,942,036.96)
LOSS BEFORE TAX		(600,419.49)	(81,929,095.90)
Income tax benefit	15	7,631,042.15	22,324,483.20
INCOME (LOSS) FOR THE YEAR (To Exhibit C)		7,030,622.66	(59,604,612.70)
OTHER COMPREHENSIVE INCOME			
Unrealized gain on available for sale financial assets	11	33,887,398.55	16,386,179.20
Revaluation increment on properties	14	5,704,087.40	1,253,849.49
Remeasurement of pension benefit obligation	18	(5,862,976.00)	8,694,181.00
Revaluation reserve - real estate	13	16,685,730.00	-
Remeasurement of life insurance reserve	20	(120,806.17)	22,446,496.71
Total		50,293,433.78	48,780,706.40
TOTAL COMPREHENSIVE INCOME (LOSS)		P 57,324,056.44	(P 10,823,906.30)
INCOME (LOSS) PER SHARE	29	P 0.21	(P 1.76)

(See accompanying notes to the financial statements)

EXHIBIT B

COUNTRY BANKERS LIFE INSURANCE CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2023 and 2022
(All Amounts in Philippine Peso)

	Note	2023	2022
CAPITAL STOCK			
Authorized - 50,000,000 common shares at P10 par value per share			
Subscribed and paid-up - 33,800,996 common shares	20	P 338,009,960.00	P 338,009,960.00
CONTRIBUTED SURPLUS	20	837,898,220.18	747,898,220.18
RETAINED EARNINGS			
Balance - beginning		67,905,799.92	130,926,762.84
Prior period adjustment	20	28,543.73	(3,416,350.22)
Adjusted balance - beginning		67,934,343.65	127,510,412.62
Income (loss) for the year (Exhibit B)		7,030,622.66	(59,604,612.70)
Balance - end		74,964,966.31	67,905,799.92
ACCUMULATED OTHER COMPREHENSIVE INCOME			
Unrealized gain on available-for-sale financial assets	11		
Balance - beginning		65,655,469.96	49,269,290.76
Fair value adjustment		33,887,398.55	16,386,179.20
Balance - end		99,542,868.51	65,655,469.96
Remeasurement of pension benefit obligation	18		
Balance - beginning		(10,178,912.00)	(18,873,093.00)
Remeasurement of DB liability		(5,862,976.00)	8,694,181.00
Balance - end		(16,041,888.00)	(10,178,912.00)
Revaluation surplus			
Balance - beginning		143,576,774.23	142,322,924.74
Revaluation reserve - real property	13	16,685,730.00	-
Revaluation increment on properties	14	5,704,087.40	1,253,849.49
Balance - end		165,966,591.63	143,576,774.23
Remeasurement of life insurance reserve			
Balance - beginning		18,527,598.03	(3,918,898.68)
Remeasurement of life insurance reserve		(120,806.17)	22,446,496.71
Balance - end		18,406,791.86	18,527,598.03
Total		267,874,364.00	217,580,930.22
TOTAL STOCKHOLDERS' EQUITY (To Exhibit A)		P 1,518,747,510.49	P 1,371,394,910.32
BOOK VALUE PER SHARE	29	P 44.93	P 40.57

(See accompanying notes to the financial statements)

EXHIBIT C

COUNTRY BANKERS LIFE INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022
(All Amounts in Philippine Peso)

	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Income (loss) for the year (Exhibit B)		P 7,030,622.66	(P 59,604,612.70)
Adjustments for non-cash transactions:			
Depreciation and amortization	14,15	4,713,425.30	5,123,046.68
Prior period adjustment	20	28,543.73	(3,416,350.22)
Net adjustment on property and equipment	14	5,704,087.40	78,806,899.49
Net adjustment on ccumulated depreciation	14	(43,353.41)	-
Other non-current assets	15	990,208.46	(111,009.94)
Pension benefit obligation	18	8,949,305.00	(4,717,824.00)
Deferred MCIT	25	(748,450.96)	2,585,673.49
Deferred tax asset	15	(7,631,042.15)	(22,324,483.20)
Remeasurement of DB liability	18,20	(5,862,976.00)	8,694,181.00
Remeasurement of life insurance reserve	19,20	(120,806.17)	22,446,496.71
Aggregate reserve for life policies and contracts	19	(15,275,218.97)	(29,722,224.26)
Operating loss before changes in working capital		(2,265,655.12)	(2,240,206.95)
Decrease (increase) in:			
Insurance balance receivables	8	(30,703,653.75)	(56,263,142.59)
Accounts and other receivables	9	(8,688,090.08)	(4,109,513.56)
Other current assets	10	356,840.87	(611,798.70)
Increase (decrease) in:			
Policy and contract liabilities	16	(1,666,173.39)	(10,195,367.81)
Other current liabilities	17	46,153,282.44	77,689,253.49
Net cash provided by operating activities		3,186,550.98	4,269,223.88
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from retirement of HTM investments	12	700,837,089.72	400,192,606.83
Purchase of HTM investments	12	(790,607,770.22)	(707,298,682.56)
Acquisition of property and equipment	14	(447,660.76)	(1,081,323.12)
Additional cost of computer system	15	(587,815.03)	(871,524.50)
Net cash used in investing activities		(90,806,156.29)	(309,058,923.35)
Adjustment on property and equipment	14	(5,704,087.40)	(78,806,899.49)
Net adjusted cash used in investing activities		(96,510,243.69)	(387,865,822.84)
CASH FLOW FROM FINANCING ACTIVITY			
Additional contributed surplus	20	90,000,000.00	400,000,000.00
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(3,323,692.71)	16,403,401.04
CASH AND CASH EQUIVALENTS, BEGINNING		196,947,049.73	180,543,648.69
CASH AND CASH EQUIVALENTS, END		P 193,623,357.02	P 196,947,049.73

(See accompanying notes to the financial statements)

EXHIBIT D

COUNTRY BANKERS LIFE INSURANCE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022
(All Amounts in Philippine Peso)

NOTE 1 - CORPORATE INFORMATION

1.1 In General

Country Bankers Life Insurance Corporation (the "Company"), was incorporated in the Philippines on February 11, 1965 under SEC Reg. No. 26586 primarily to carry on the business of life insurance in all its companies and in particular to grant or effect assurance of all kinds, for the payment of money by way of single payment or by way of several payments, or by way of immediate of deferred annuities upon the death or upon attaining a given age by any person or persons subject or not to such death or attainment of a given age happening in the lifetime of any other person or persons, or upon the birth or failure of issue or subject to or upon the happening of any contingency or event dependent upon human life or upon a fixed or certain date irrespective of any such event or contingency.

The Company reached its maximum of fifty (50) legal years of existence, and it was extended for an additional fifty (50) years by majority vote of the Board of Directors and by the vote of at least two-thirds of the members of the Company. The additional fifty (50) years life extension was approved by the Securities and Exchange Commission (SEC) on March 21, 2014.

The Company's major stockholder is Jose E. Desiderio & Co., Inc. who owns 35.32% of its outstanding shares.

The registered office address of the Company is located at Country Bankers Centre, 648 T.M. Kalaw Avenue, Ermita, Manila.

The Company has 99 and 103 employees as of December 31, 2023 and 2022, respectively.

1.2 Approval of Financial Statements

The financial statements of the Company for the year ended December 31, 2023 (including the comparative for the year ended December 31, 2022) were approved and authorized for issue by the Board of Directors on April 12, 2024.

NOTE 2 - STATUS OF OPERATION

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of Preparation of Financial Statements

Statement of Compliance with Philippine Financial Reporting Standards
This is the first set of financial statements of the Company prepared in accordance with Philippine Financial Reporting Standards (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC), formerly the Accounting Standards Council, from the pronouncements issued by the International Accounting Standards Board (IASB). PFRSs consist of:

a. Philippine Financial Reporting Standards (PFRSs) – corresponding to International Financial Reporting Standards;
b. Philippine Accounting Standards (PASs) – corresponding to International Accounting Standards; and
c. Interpretations to existing standards – representing interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), of the IASB which are adopted by the FRSC.

Basis of Measurement
These financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial assets. The measurement bases are more fully described in the accounting policies that follow.

Presentation of Financial Statements
The financial statements are presented in accordance with Philippine Accounting Standard (PAS 1), *Presentation of Financial Statements*. The Company presents all items of income and expenses in a single statement of comprehensive income.

The Company presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statements of financial position are not required to be disclosed.

3.2 Functional Currency and Foreign Currency Transactions

These financial statements are presented in Philippine Peso, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

Functional and Presentation Currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is also the Company's functional currency.

Transactions and Balance
The accounting records of the Company are maintained in Philippine Peso. Foreign currency transactions during the period are translated into the functional currency at exchange rates, which approximate those prevailing on transaction dates.

3.3 Adoption of New Interpretation, Revisions and Amendments to PFRS

• *PFRS 9, Financial Instruments* – This standard replaces PAS 39, Financial Instruments: Recognition and Measurement. It provides requirements for the classification and measurement of financial assets and liabilities, impairment, hedge accounting, recognition, and derecognition.

PFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value through profit or loss or through other comprehensive income (OCI), depending on their classification by reference to the business model within which these are held and its contractual cash flow characteristics.

For financial liabilities, the most significant effect of PFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at FVPL that is attributable to changes in the credit risk of that liability is recognized in OCI (rather than in profit or loss), unless this creates an accounting mismatch.

For the impairment of financial assets, PFRS 9 introduces an "expected credit loss" (ECL) model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment.

For hedge accounting, PFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and nonfinancial risk exposures.

The derecognition provisions are carried over almost unchanged from PAS 39.

The Company assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no significant impact on the carrying amounts of the Company's financial assets.

• *PFRS 15, Revenue from Contract with Customers* – The new standard replaces PAS 11, Construction Contracts, PAS 18, Revenue, and related interpretations. It establishes a single comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognized, accounting for variable considerations, costs of fulfilling and obtaining a contract, etc.). Further, the standard was subsequently amended to provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

Based on the Company's assessment, the adoption of PFRS 15 has no significant impact in the timing of the Company's revenue recognition.

• *Amendments to PFRS 15, Revenue from Contract with Customers* – Clarification to PFRS 15 – The amendments provide clarifications on the following topics: (a) identifying performance obligations; (b) principal versus agent considerations; and (c) licensing. The amendments also provide some transition relief for modified contracts and completed contracts.

• *PAS 28 (Amendments), Investments in Associates and Joint Ventures* – Measuring an associate or joint venture at fair value (Part of Annual Improvements to PFRSs 2014-2016 Cycle). Clarifies that a qualifying entity is able to choose between applying the equity method or measuring an investment in an associate or joint venture at fair value through profit or loss, separately for each associate or joint venture at initial recognition of the associate or joint venture. Similar clarifications have been made for a reporting entity that is not an investment entity and that has an associate or a joint venture that is an investment entity. PAS 28 permits such a reporting entity the choice to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also made separately for each investment in an associate or joint venture that is an investment entity, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively, with earlier application permitted.

• *PAS 40 (Amendments), Investment Property – Transfers of Investment Property.* The amendments state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Examples of evidence of a change in use: (a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or and(d) commencement inception of an operating lease to another party, for a transfer from inventories to investment property.

The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

• *PFRS 1 (Amendments), First-time Adoption of International Financial Reporting Standard – Deletion of short-term exemptions for first-time adopters (Part of Annual Improvements to PFRSs 2014-2016 Cycle).* The amendment is about the removal of short-term exemptions dealing with PFRS 7 *Financial Instruments: Disclosures, PAS 19 Employee Benefits and PFRS 10 Consolidated Financial Statements.* The reliefs provided are no longer applicable and had been available to entities for reporting periods that have now passed.

• *PFRS 2 (Amendment), Share-based payment* – Classification and Measurement of Share-based Payment Transactions. The amendments provide requirements on the accounting for: (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Companies are required to apply the amendments for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

• *PFRS 4 (Amendments), Insurance Contracts – Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts.* The amendments provide two options for entities that issue insurance contracts within the scope of PFRS 4: (a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach; (b) an optional temporary exemption from applying PFRS 9 for entities whose predominant activity is issuing contracts within the scope of PFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

The amendments are not applicable to the Group since none of the entities within the Company have activities that are predominantly connected with insurance or issue insurance contracts.

Standards Issued but Not Yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PAS, PFRS and Philippine Interpretations to have significant impact on the financial statements.

a) *Effective in 2019 but relevant to the Company*

(i) PAS 19 (Amendments), *Employee Benefits – Plan Amendment, Curtailment or Settlement.* The amendments require an entity: (a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

(ii) PFRS 9 (Amendments), *Financial Instruments – Prepayment Features with Negative Compensation.* Amendments to the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain. The amendment also include clarification regarding the accounting for a modification or exchange of a financial liability measured at amortized cost that does not result in the derecognition of the financial liability. An entity recognizes any adjustment to the amortized cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortized cost amount.

The amendments are to be applied retrospectively for fiscal years beginning on or after January 1, 2019, i.e. one year after the first application of PFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with PFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

(iii) PFRS 16, *Leases*. On January 13, 2016, the PASB issued its new standard, PFRS 16, which replaces PAS 17, the current leases standard, and the related Interpretations. Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. PFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but only if PFRS 15 is applied at or before the date of initial application of PFRS 16. The Company is currently assessing the impact of PFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

(iv) Annual Improvements to PFRS Standards 2015-2017 Cycle (Amendments). The pronouncement contains amendments to four International Financial Reporting Standards (PFRSs) as result of the PASB's annual improvements project.

Annual Improvements to PFRS Standards 2015-2017 Cycle makes amendments to the following standards:

- PFRS 3, *Business Combination* – The amendments clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business.
- PFRS 11, *Joint Arrangements* – The amendments clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- PAS 12, *Income Taxes* – The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- PAS 23, *Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

(v) Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments Philippine Interpretation* IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

b) Effective in 2019 but not relevant to the Company

(i) PAS 28 (Amendments), *Investment in Associates and Joint ventures – Long-term Interests in Associates and Joint Ventures.* Amendments clarify that an entity applies PFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

Effective 2022

(i) PAS 16 (Amendments), Property, Plant and Equipment – Proceeds before Intended Use. Amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(ii) PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets, Onerous Contract – Cost of Fulfilling a Contracts. The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling contract).

(iii) PFRS 1 (Amendments), First-time Adoption of Philippine Financial Reporting Standards, Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16 (a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

(iv) PFRS 9 (Amendments), Financial Instruments, Fees in the '10 percent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Effective 2023

(i) PAS 1 (Amendments), Presentation of Financial Statements, Classification of Liabilities as Current or Non-current. The amendments affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income of expenses, or the information that entities disclose about those items. Clarify that the classification of liabilities as current or non-current (a) should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve (12) months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of liability, (b) is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and (c) settlement refers to the transfer to the counterparty of cash, equity instruments and other assets or services.

(ii) PFRS 17 (Amendments), Insurance Contracts. The main changes resulting from Amendments to PFRS 17 are:

- Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023 and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.

- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

- Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

- Several small amendments regarding minor application issues.

Effective 2024

(i) Amendments to PFRS 16, Lease Liability in a Sale and Leaseback – The amendments pertain to the addition of subsequent measurement requirements for sale and leaseback transactions.

(ii) Amendments to PAS 1, Non-current Liabilities with Covenants – The amendments improve the information an entity provides when its right to defer settlement of liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

Effective 2025

(i) Amendments to PFRS 17, Insurance Contracts – The main changes resulting from Amendments to PFRS 17 are:

- Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023, and change the fixed expiry date for the temporary exemption in PFRS 4 Insurance Contracts from applying PFRS 9 Financial Instruments, so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.

- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.

- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.

- Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.

- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.

- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.

- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.

- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.

- Several small amendments regarding minor application issues.

Mandatory Date Yet to be Determined

(i) Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate.* This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Company.

3.4 Cash and Cash Equivalents

Cash and cash equivalents are initially and subsequently measured at face value which is usually its fair value. Cash includes cash on hand and in bank. Cash in bank in current account earns interest at the respective bank deposit rates and this is held at call with bank. Cash equivalents consist of short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of placement and that are subject to an insignificant risk of changes in value.

3.5 Short-term Investment

The account includes investments in time deposit, money market instruments or treasury bills which have a maturity of more than three (3) months but not more than one (1) year after acquisition date. These are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Short-term investments are subsequently measured at fair value. Any change in their value is recognized in profit or loss.

3.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

Initial Recognition and Measurement. Financial assets, are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at FVPL, includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. 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. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the Company's insurance balance receivables, accounts and other receivables and held-to-maturity financial assets are classified under this category.

Debt Instruments at FVOCI. For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As of December 31, 2023 and 2022, the Company does not have debt instruments at FVOCI.

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

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

As of December 31, 2023 and 2022, the Company's available for-sale-financial assets are classified under this category.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not "solely for payment of principal and interest", and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell. The Company may, at initial recognition, designate a debt instrument meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As of December 31, 2023 and 2022, the Company has no financial assets at FVPL.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

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

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

For other debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-months ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort that is indicative of significant increases in credit risk since initial recognition.

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

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

- The right to receive cash flows from the asset has expired;

- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As of December 31, 2023 and 2022, the Company does not have liabilities at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As of December 31, 2023 and 2022, the Company's policy and contract liabilities, and other current liabilities (except statutory payables) are classified under this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting of Financial Assets and Liabilities. Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

3.7 Policy and Automatic Premium Loans

Automatic premium loans arise after three (3) or more full years that premiums have been paid on the policy and while it is in force, and if any premium thereon or renewal loan interest becomes due and is not paid within the grace period, provided the policy has a net cash value, the Company shall advance as a loan, a sum sufficient to cover the said premium or renewal loan interest. Such process continues as stated until the net cash value is exhausted.

3.8 Investment Property

Initially, investment property is measured at cost including transaction costs. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as professional fees services, property transfer taxes and other transaction costs. Subsequent expenditure is recognized only as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance. All other subsequent expenditures are recognized as an expense when incurred.

Subsequently, investment properties are stated at fair value, which reflects the market conditions at the financial reporting date. Any gain or loss resulting from either change in the fair value is immediately recognized in the statements of comprehensive income in the year in which they arise.

Investment properties are derecognized when they have either been disposed or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statements of comprehensive income in the year of retirement or disposal. Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are operations in the year in which the costs are incurred.

3.9 Property and Equipment

An item of property and equipment shall be qualified for recognition as an asset if and only if, (1) it is probable that future economic benefits associated with the item will flow to the entity; and (2) the cost of the item can be measured reliably. Initially it is measured at its cost. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use.

Property and equipment, except building, are subsequently measured at cost less accumulated depreciation and any impairment loss. Buildings are subsequently measured at revalued amount less accumulated depreciation and any impairment loss.

Subsequent expenditures incurred after the assets have been put into operation are capitalized as additional cost of the assets when the resulting future economic benefit exceeds the originally assessed standard of performance of the asset. All other subsequent expenditures incurred such as repairs and maintenance are recognized in the statements of comprehensive income in the period the costs are incurred. When assets are sold or retired, their cost, accumulated depreciation and amortization and accumulated impairment losses are eliminated from the accounts and any resulting gain or loss is included in the statements of comprehensive income of such period.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the following assets:

	Estimated useful lives
Building and building improvements	40 years
EDP machines	5 years
Furniture and fixtures	5 years
Motor car	5 years
Office equipment	5 years
Computer software	5 years

The residual values, depreciation and amortization method and useful life are reviewed periodically to ensure that the residual value, method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statements of comprehensive income (Note 3.8).

3.10 Impairment of Non-financial Asset

The carrying amounts of the Company's non-financial assets such as property and equipment are reviewed at each financial reporting date to determine whether there is any indication of impairment or an impairment loss previously recognized no longer exists or may have decreased. If any such indications exist, the Company makes a formal estimate of the asset's recoverable amount.

The recoverable amount is the higher between an asset's or its cash generating unit's fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. In assessing value in use, the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash flows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and an impairment loss is recognized in the statements of comprehensive income.

An impairment loss is reverse if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the statements of comprehensive income.

3.11 Liability for Incurred Policy Benefit

A liability for incurred policy benefits relating to life insurance contracts in force is accrued when premium revenue is recognized.

The Company's legal policy reserve, policy claims payable, unclaimed maturity benefits and unclaimed anticipated endowments are computed annually based on the approved valuation method by the Insurance Commission (IC) being certified by an independent actuary.

The Company assesses at each reporting date whether it recognized insurance liabilities are adequate, using the current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

The liability is derecognized, discharged or cancelled, when the contracts expire.

3.12 Reinsurance

Amounts recoverable from reinsurers that relate to paid claims and claim adjustment expenses are classified as assets and the related liabilities are presented separately. Amounts paid to the reinsurer relating to the unexpired portion of reinsured contract are also presented as assets.

3.13 Equity

<u>Capital Stock</u>
Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

<u>Contributed Surplus</u>
Contributed surplus represents the original contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing requirements as provided under the Insurance Code.

<u>Retained Earnings</u>
Retained earnings represent accumulated net income of the Company less dividends declared.

3.14 Premium Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The additional specific recognition criteria for each type of revenue are as follows:

<u>Premium Income</u>
Premium is recognized as revenue when due and billed to policyholders.

<u>Interest and Investment Income</u>
Interest income is recognized as interest accrues based on the effective-interest method (taking into account the effective yield on the asset).

3.15 Product Classification

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract, or those where at the inception of the contract there is a scenario with commercial substance where the level of insurance risk may be significant. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

3.16 Policy Acquisition Costs

Policy acquisition costs such as commissions and other costs in connection with acquiring new business are charged to current operations as incurred.

3.17 Claim Cost Recognition

Liability for unpaid claim cost relating to insurance contracts, including estimates of cost relating to incurred but not reported claims are accrued when insured events occur.

3.18 Retirement Benefits Cost

The Company has a funded and non-contributory, defined benefit retirement plan covering all of its regular employees. Retirement benefit cost is determined using the projected unit credit actuarial valuation method as determined by an independent actuary taking into account the factors of investment, mortality, disability and salary projection rates on an actuarial basis. Past service cost is recognized immediately as expense.

The Company recognizes a retirement benefit liability if the difference between the total of the present value of the defined benefit obligation and any actuarial gains not recognized and the total of the past service cost and actuarial losses not yet recognized and the fair value of plan assets results to a positive. If such difference results to a negative, the Company recognizes a plan asset which is measured at the lower of such difference or the total of cumulative unrecognized net actuarial losses and past service cost and the value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

3.19 Provisions and Contingencies

Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingencies

Contingent liabilities are not recognized in the financial statements but they are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

3.20 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Company as Lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalization leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. Operating lease payments are recognized as an expense in the general and administrative expenses in the statements of comprehensive income on a straight-line basis over the lease term.

Company as Lessor
Leases where the Company retains substantially all the risks and benefits of ownership of the assets are classified as operating lease. Rental income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3.21 Income Tax

Current Income Tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted at the financial reporting date.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward of unused tax credits and NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

3.22 Earnings and Book Value per Share

Earnings per share is computed by dividing net income attributable to common stockholders for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have dilutive potential common shares.

Book value per share is the amount that would be paid on each share assuming the Company is liquidated and the amount available to shareholders is exactly the amount reported as stockholders' equity. It is computed by simply dividing the total stockholders' equity to number of shares outstanding during the year since the Company has only one class of shares of stock.

3.23 Related Parties

Related party transactions are transfers of resources, services or obligations between the Company and their related parties, regardless whether a price is charged.

Two or more parties are related parties when at any time during the financial period: (a) one party has direct or indirect control of the other party; or (b) the parties are subject to common control from the same source; or (c) one party has influence over the financial and operating policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or the parties, in entering a transaction, are subject to influence from the same sources to such an extent that one of the parties to the transaction has subordinated its own separate interests.

As this type of transactions cannot be avoided and are not deemed unlawful, transactions involving such shall require disclosure as provided in the PAS 24 Related Party Transactions.

Individuals, associates or companies that directly or indirectly control or are controlled by or under common control and individuals owning directly or indirectly an interest in the voting power of the reporting entity that gives them significant influence over the entity, and close family members of such individuals are considered related party.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

3.24 Events after the End of the Reporting Period

Events after the end of the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

(a) Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and

(b) Those indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

Post year-end events up to the date of the auditors' report that provide additional information about the Company's position at the financial reporting date (adjusting events) are reflected in the statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3.25 Prior Period Adjustments

Prior period adjustments are omissions from, and misstatements in, the Company's financial statements for one or more periods arising from a failure to use, or misuse of, reliable information.

A prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

3.26 Fair Value Measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

PFRS 13 requires that financial assets and 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 required to be disclosed in accordance with other relevant PFRS to be categorized into three levels based on the significance of inputs used to measure the fair value.

The fair value hierarchy has the following levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

b) Level 2: inputs other than quoted pries included within level 1 that are observable for the asset (i.e., derived from price); and,

c) Level 3: inputs for the assets or liability that are not based on observable marked data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level significant input to the fair value measurement.

NOTE 4 - SIGINIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

The estimates and associated assumptions are based on historical experiences and other various factors that are believed to be reasonable under the circumstances including expectations of related future events, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates, assumptions and judgments are reviewed and evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revision affects both current periods.

4.1 Judgments

Classification of Financial Instruments

The Company classifies a financial instrument, or its component parts, on initial recognition as financial asset, financial liability or equity instrument in accordance with the substance of the contractual agreement and the definitions of financial asset, financial liability or equity instrument. In addition, the Company also determines and evaluates its intention and ability to keep the investments until its maturity date.

The substance of a financial instrument, rather than its legal form, and the management intention and ability to hold the financial instrument to maturity generally governs its classification in the statements of financial position.

Determination of Fair Value of Financial Instruments

The Company carriers certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

Distinction between Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generated cash flows largely independently of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to other assets used in the production or supply process.

Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

Operating Lease Treatment

The Company has entered into lease agreements. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

4.2 Estimates and Assumptions

Measurement of Financial Assets

The Company carries certain financial assets at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any changes in fair value these financial assets would affect profit and loss and equity.

Valuation of Insurance Contract Liabilities

The Company assesses at each reporting date whether its recognized insurance liabilities are adequate, using the current estimates of future cash flows under its insurance contracts, if that assessment shows that the carrying amount of its insurance liabilities (less related intangible assets) is inadequate in the light of the estimated future cash flows, the entire deficiency shall be recognized in profit or loss.

Estimation of Impairment Losses

Recoverability of specific receivables is evaluated based on the best available facts and circumstances, the length of the Company's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are reevaluated and adjusted as additional information received affects the amount estimated to be uncollectible.

No allowance was set up for the years ended December 31, 2023 and 2022.

Estimation of Useful Lives and Residual Value of Property and Equipment

The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property the equipment 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. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

The carrying value of property and equipment net of accumulated depreciation and amortization amounting to P159,510,599.26 and P157,104,468.28 as of December 31, 2023 and 2022, respectively (Note 14).

Estimation of Impairment of Non-financial Assets

The Company assesses at each financial reporting date whether there is an indication that the carrying amount of all non-financial assets may be impaired or that previously recognized impairment losses may no longer exist or may have decreases. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

No impairment losses were recognized on property and equipment and investment properties during the year.

Contingencies

The estimate of the probable cost fort the resolution of possible claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities under these lawsuits or claims, if any, will not have a material impact on the Company's financial statements. Accordingly, no provision for probable losses arising from contingencies was recognized in the Company's financial statements as of December 31, 2023 and 2022.

Valuation of Post-employment Defined Benefit

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions in calculating such amount. Those assumptions include, among others, discount rate and salary rate increase. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the expense and the carrying amount of post-employment obligation in such future periods.

The amount of post-employment benefit obligation and related expense are presented in Note 18.

Revenue and Cost Recognition

The Company's revenue and cost recognition policies require the use of estimates and assumptions that may affect the reported amounts of receivables and payables. Differences between the amounts initially recognized and actual settlements are taken up in the accounts upon reconciliation. However, there is no assurance that such use of estimates may not result to material adjustments in future periods.

Recognition of Deferred Tax Assets

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which these can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

NOTE 5 - FAIR VALUE MEASUREMENT

5.1 Fair Value Hierarchy

The following table summarizes the carrying amounts and the fair values by level of the fair value hierarchy of the Company's financial assets and liabilities for which fair value is disclosed as of December 31, 2023 and 2022:

2023	Note	Carrying amount	Fair Value Hierarchy Level 1	Level 2	Level 3	Total
Assets with recurring fair value measurement						
Available-for-sale financial assets	11	141,662,503.51	99,603,968.51	-	42,058,535.00	141,662,503.51
Assets and liabilities for which fair values are disclosed						
Financial assets						
Cash*	7	193,255,496.61	193,255,496.61	-	-	193,255,496.61
Loans and receivable						
Insurance balance receivables	8	423,172,141.85	-	-	423,172,141.85	423,172,141.85
Accounts and other receivables	9	27,165,072.93	-	-	27,165,072.93	27,165,072.93
Held-to-maturity financial assets	12	1,026,887,258.88	1,026,887,258.88	-	-	1,026,887,258.88
Financial liabilities						
Other financial liabilities	17					
Due to reinsurer		236,006,339.39	-	-	236,006,339.39	236,006,339.39
Funds held in trust		245,636.96	-	-	245,636.96	245,636.96
Accrued expense payable		1,575,798.93	-	-	1,575,798.93	1,575,798.93

2022	Note	Carrying amount	Fair Value Hierarchy Level 1	Level 2	Level 3	Total
Assets with recurring fair value measurement						
Available-for-sale financial assets	11	107,775,104.96	65,716,569.96	-	42,058,535.00	107,775,104.96
Assets and liabilities for which fair values are disclosed						
Financial assets						
Cash*	7	196,567,834.93	196,567,834.93	-	-	196,567,834.93
Loans and receivable						
Insurance balance receivables	8	392,468,488.10	-	-	392,468,488.10	392,468,488.10
Accounts and other receivables	9	18,476,982.85	-	-	18,476,982.85	18,476,982.85
Held-to-maturity financial assets	12	937,116,578.38	937,116,578.38	-	-	937,116,578.38
Financial liabilities						
Other financial liabilities	17					
Due to reinsurer		196,855,009.64	-	-	196,855,009.64	196,855,009.64
Funds held in trust		439,989.01	-	-	439,989.01	439,989.01
Accrued expense payable		1,045,169.41	-	-	1,045,169.41	1,045,169.41

**Cash exclude cash on hand amounting to P367,860.41 and P379,214.80 as of the years ended December 31, 2023 and 2022, respectively.*

5.2 Fair Value Information

The methods and assumptions used by the Company in estimating the fair value of the financial instruments are as follows:

Cash, short-term investments, loan and other receivables and other financial liabilities – Carrying amounts approximate fair values due to the relatively short-term maturities of these instruments.

The fair value of AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date, or the last trading day as applicable.

The description of the accounting policies for each category of financial instruments is disclosed in Notes 3.6. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 6.

NOTE 6 - INSURANCE AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

6.1 Insurance Risk

Insurance risks are the risk, other than financial risk, transferred from the holder of a contract to the issuer.

The Company is exposed to insurance risk through its contracts with its customers that provide life and credit life coverage.

The Company has a policy on the selection and approval of risks to be insured, use of limits and avoidance of undue concentrations of risks. As it insures only those qualified clients, it assesses the insurability of potential policyholders together with their evaluation of the acceptability of a future policyholder.

6.2 Financial Risk

The Company is exposed to a variety of financial risks arising from its financing, operating and investing activities. The Company's management is responsible for the Company's financial risk management which includes establishment of risk strategies and policies and monitoring and evaluation of risk in line with the set policies and strategies. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's results and financial position.

The Company's principal financial instruments comprise cash and cash equivalents, short-term investments, insurance balance receivables, accounts and other receivables, HTM investments, AFS financial assets, policy and contract liabilities and other liabilities. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

The main risks arising from the Company's financial instrument are summarized as follows:

Credit Risk

Credit risk refers to the risk that a counter party will defaults on its contractual obligations resulting in financial loss to the Company. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to the financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The details of the Company's maximum exposure to credit risk are as follows:

		Gross Maximum Exposure	
	Note	2023	2022
Cash*	7	193,255,496.61	196,567,834.93
Loans and receivable			
Insurance balance receivables	8	423,172,141.85	392,468,488.10
Accounts and other receivables	9	27,165,072.93	18,476,982.85
Held-to-maturity			
Held-to-maturity investments	12	1,026,887,258.88	937,116,578.38
Total		1,670,479,970.27	1,544,629,884.26

**Cash exclude cash on hand amounting to P367,860.41 and P379,214.80 as of the years ended December 31, 2023 and 2022, respectively.*

The Company's details of credit quality of financial assets are shown below:

2023	Note	Niether past due nor impaired: High grade	Niether past due nor impaired: Standard grade	Past due but not impaired	Impaired	Total
Cash*	7	193,255,496.61	-	-	-	193,255,496.61
Loans and receivable						
Insurance balance receivables	8	-	423,172,141.85	-	-	423,172,141.85
Accounts and other receivables	9	-	27,165,072.93	-	-	27,165,072.93
Available-for-sale financial assets	11	141,662,503.51	-	-	-	141,662,503.51
Held-to-maturity financial assets	12	1,026,887,258.88	-	-	-	1,026,887,258.88
Total		1,361,805,259.00	450,337,214.78	-	-	1,812,142,473.78

2022	Note	Niether past due nor impaired: High grade	Niether past due nor impaired: Standard grade	Past due but not impaired	Impaired	Total
Cash*	7	196,567,834.93	-	-	-	196,567,834.93
Loans and receivable						
Insurance balance receivables	8	-	392,468,488.10	-	-	392,468,488.10
Accounts and other receivables	9	-	18,476,982.85	-	-	18,476,982.85
Available-for-sale financial assets	11	107,775,104.96	-	-	-	107,775,104.96
Held-to-maturity financial assets	12	937,116,578.38	-	-	-	937,116,578.38
Total		1,241,459,518.27	410,945,470.95	-	-	1,652,404,989.22

**Cash exclude cash on hand amounting to P367,860.41 and P379,214.80 as of the years ended December 31, 2023 and 2022, respectively.*

The description of the financial assets grading used by the Company is as follows:

High grade – these are deposits and receivables which have a high probability of collection. The counterparty has the apparent ability to satisfy its obligation and the securities on the receivables are readily enforceable. These also include deposits with reputable institutions from which the deposits may be withdrawn and recovered with certainty.

Standard grade – these are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but with experience of default.

The Company's management considers that all the above financial assets that are not impaired or past due for each reporting date are of good credit quality.

Market Risk

Market risk is the risk of loss of future earnings or future cash flows arising from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. The Company's market risk is manageable within conservative bounds. As of December 31, 2023 and 2022, the Company has not engaged in trading financial instruments.

Interest Rate Risk

Interest rate risk is the risk to earnings or capital resulting from adverse movements in the interest rates. The economic perspective of interest rate risk focuses on the value of bank in the current interest rate environment and the sensitivity of that value to changes in interest rates.

The Company closely monitors the movements of interest rates in the market and reviews its assets and liability structure to ensure that exposures to fluctuations in interest rates are kept within acceptable limits.

The summary of maturity profile of interest-bearing financial instruments is as follows:

		2023				
	Note	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
Cash in banks	7	193,255,496.61	-	-	-	193,255,496.61
Held-to maturity financial assets	12	89,689,835.95	-	-	937,197,422.93	1,026,887,258.88
Total		282,945,332.56	-	-	937,197,422.93	1,220,142,755.49

		2022				
	Note	Within 1 year	1-2 years	2-3 years	More than 3 years	Total
Cash in banks	7	196,567,834.93	-	-	-	196,567,834.93
Held-to maturity financial assets	12	300,271,420.90	-	-	636,845,157.48	937,116,578.38
Total		496,839,255.83	-	-	636,845,157.48	1,133,684,413.31

Interest rates of these financial instruments are shown below:

	2023			
	Within 1 year	1-2 years	2-3 years	More than 3 years
Cash in banks	0.875% to 3.00%	-	-	-
Long-term investments	-	-	-	7.00%
Held-to-maturity investments	2.375%	-	-	2.375% to 8.00%

	2022			
	Within 1 year	1-2 years	2-3 years	More than 3 years
Cash in banks	0.875% to 3.00%	-	-	-
Long-term investments	-	-	-	7.00%
Held-to-maturity investments	2.375% to 4.375%	-	-	2.375% to 8.00%

Foreign Currency Risk
Foreign exchange risk arises because the Company enters into transactions and had unsettled monetary liabilities in a currency, which is not the same as the Company's functional currency (Philippine Peso). Such transactions and monetary liabilities are exposed to foreign currency risk giving rise to gains or losses on translation into the Philippine Peso. The risk specifically arose from cash and cash equivalents.

As of December 31, 2023, the Company has no significant exposure to foreign currency risk as all transactions are denominated in Philippine Peso, its functional currency.

Liquidity Risk
Liquidity risk is the risk from inability to meet obligations when they become due, because of an inability to liquidate assets or obtain adequate funding. The Company ensures that sufficient liquid assets are available to meet short-term funding and regulatory requirements.

The Company is mainly exposed to liquidity risk through its maturing liabilities. The Company has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The details of the Company's maturity analysis are as follows:

		Due within 1 year		Due after 1 year	
	Note	2023	2022	2023	2022
Policy and contract liabilities	16	99,503,646.59	101,169,819.98	-	-
Aggregate reserve for life policies and contracts	19	-	-	233,693,532.77	248,968,751.74
Other liabilities*	17	237,827,775.28	198,340,168.06	-	-
Total		337,331,421.87	299,509,988.04	233,693,532.77	248,968,751.74

**Excludes other payables which comprise of statutory obligations amounting to P16,809,137.59 and P4,622,025.46 as of December 31, 2023 and 2022, respectively.*

The foregoing contractual maturities reflect the gross cash flows at the end of the reporting period.

NOTE 7 - CASH

The account consists of the following:

	2023	2022
Cash in banks	193,255,496.61	196,567,834.93
Cash on hand	367,860.41	379,214.80
Total	193,623,357.02	196,947,049.73

Cash in banks represent unrestricted deposits to various local banks that generally earn interest at rates based on prevailing bank deposit rates. Total interest income from deposits amounted to P1,152,236.58 and P572,127.01 for the years ended December 31, 2023 and 2022, respectively (Note 23).

Cash on hand includes petty cash fund, production fund, policy loan fund and building maintenance fund which are used in the Company's daily operation.

None of the foregoing assets was restricted and used to secure any liabilities of the Company.

NOTE 8 - INSURANCE BALANCE RECEIVABLES

The account consists of the following:

	2023	2022
Due from reinsurer	220,470,741.77	188,375,635.52
Net life insurance premiums due and uncollected	175,993,863.12	173,898,700.22
Policy & automatic premium loans	26,248,770.21	30,005,026.47
Agents' account	458,766.75	127,975.34
Premium receivable	-	61,150.55
Total	423,172,141.85	392,468,488.10

Due from reinsurer is a receivable of the Company from the reinsurer on claims already paid and recoverable from the reinsurer.

Net life insurance premium due and uncollected refers to premiums that are already due as of cut-off date which was subsequently collected after the reporting period.

Policy loans receivable are loans availed by the policyholders of standard policies with cash surrender values. Policyholders are allowed to avail of these loans provided that the cash surrender value is more than the loan outstanding balance, or else the policy is being lapsed.

An automatic premium loan does not involve cash out to policyholders. The loan shall be taken out from the cash surrender value for the payment of premium arrears.

Agents' account refers to loans taken by the agents in support of their daily expenses.

Premium receivables pertain to the Company's share in the receivable of the pools from its policyholders/insured.

No allowance was set up and no impairment loss was recognized during the year.

None of the foregoing receivables were pledged/assigned to secure the Company's liabilities. Furthermore, no impairment of receivables was recognized during the year.

NOTE 9 - ACCOUNTS AND OTHER RECEIVABLES

The account consists of the following:

	2023	2022
Accrued interest receivable	15,366,060.59	5,955,474.34
Advances to employees	8,366,819.93	8,885,847.72
Accounts receivable	3,432,192.41	3,635,660.79
Total	27,165,072.93	18,476,982.85

Accrued interest receivable includes interest on long-term investment and investment in bonds.

Advances to employees include: (a) premiums on individual personal policies of an employee, (b) advances subject to liquidation of those employees who usually travel, and (c) interest bearing emergency loans of employees. However, granting of such loan was stopped during the year.

Accounts receivable includes receivable from related parties such as Country Bankers Insurance Corporation (CBIC) and La Fuerza Lending Corporation (Note 27).

No allowance was set up and no impairment loss was recognized during the year.

None of the foregoing receivables were pledged/assigned to secure the Company's liabilities. Furthermore, no impairment of receivables was recognized during the year.

NOTE 10 - OTHER CURRENT ASSETS

This account consists of the following:

	2023	2022
Supplies and stationeries	2,850,943.68	2,853,687.28
Creditable income tax (Note 25)	933,028.18	1,287,125.45
Total	3,783,971.86	4,140,812.73

NOTE 11 - AVAILABLE-FOR-SALE (AFS) FINANCIAL ASSETS

The account consists of equity securities broken down as follows:

	2023	2022
Unquoted securities	42,058,535.00	42,058,535.00
Quoted securities	61,100.00	61,100.00
Total	42,119,635.00	42,119,635.00
Unrealized gain on AFS financial assets	99,542,868.51	65,655,469.96
Less: Allowance for impairment loss	-	-
Carrying value	141,662,503.51	107,775,104.96

	2023	2022
Cost:		
At January 1	42,119,635.00	42,119,635.00
Written-off/disposal	-	-
At December 31	42,119,635.00	42,119,635.00
Unrealized gain on AFS financial assets	99,542,868.51	65,655,469.96
Less: Allowance for impairment loss	-	-
Carrying value	141,662,503.51	107,775,104.96

Movements in the account of unrealized gain of available-for-sale financial assets are as follows:

	2023	2022
At January 1	65,655,469.96	49,269,290.76
Fair value adjustment	33,887,398.55	16,386,179.20
At December 31	99,542,868.51	65,655,469.96

The fair values of AFS financial assets have been determined by reference to Circular Letters issued by Insurance Commission and published prices in active market.

During 2022, the Company sold various AFS financial assets with total losses from sale amounting to P327,817.82 (Note 23).

The percentage of ownership to these investment are less than twenty percent (20%).

Total dividend income earned amounted to P1,190.34 and P850.02 for the years ended December 31, 2023 and 2022, respectively, which was included in other income, net presented in the Statements of Comprehensive Income (Note 23).

NOTE 12 - **HELD-TO-MATURITY (HTM) FINANCIAL ASSETS**

The account consists of the following:

	2023	2022
Current		
Government:		
Fixed rate treasury notes	89,689,835.95	299,271,420.90
Treasury bonds	-	1,000,000.00
Sub-total	89,689,835.95	300,271,420.90
Non-current		
Government:		
Fixed rate treasury notes	902,332,060.70	150,563,420.43
Treasury bonds	34,865,362.23	486,281,737.05
Commercial:		
SMC Global Power Holdings bonds	-	-
Ayala Corporate bonds	-	-
SM Prime bonds	-	-
Sub-total	937,197,422.93	636,845,157.48
Total carrying value	1,026,887,258.88	937,116,578.38

The movements of the account during the year are presented as follows:

	2023	2022
Beginning balance	937,116,578.38	630,010,502.65
Additions	790,607,770.22	707,298,682.56
Retirements	(700,837,089.72)	(400,192,606.83)
Ending balance	1,026,887,258.88	937,116,578.38

The related premium and discounts and more details of the account are shown below:

2023						
Type	Interest/ coupon rate	Term	Face value	Premium (discount), net	Carrying value	Market value
Current						
Government:						
Fixed rate treasury notes	2.375%		90,000,000.00	(310,164.05)	89,689,835.95	89,689,835.95
Non-current						
Government:				701,492,979.92		
Fixed rate treasury notes	3.50% to 8.000%	5 to 7 years	140,647,878.00	701,492,979.91	842,140,857.91	842,140,857.91
Treasury bonds	2.625% to 4.875%	7 years	60,500,000.00	(52,539,687.31)	7,960,312.69	7,960,312.69
National fixed rate treasury notes	3.375%	5 years	8,000,000.00	52,191,202.79	60,191,202.79	60,191,202.79
National treasury bonds	2.375% to 2.625%	3 to 5 years	22,510,000.00	4,395,049.54	26,905,049.54	26,905,049.54
Sub-total			231,657,878.00	705,539,544.93	937,197,422.93	937,197,422.93
Total			321,657,878.00	705,229,380.88	1,026,887,258.88	1,026,887,258.88

			2022			
Type	Interest/ coupon rate	Term	Face value	Premium (discount), net	Carrying value	Market value
Current						
Government:						
Fixed rate treasury notes	2.375%		300,000,000.00	(728,579.10)	299,271,420.90	299,271,420.90
Treasury bonds	4.375%		1,000,000.00	-	1,000,000.00	1,000,000.00
Sub-total			301,000,000.00	(728,579.10)	300,271,420.90	300,271,420.90
Non-current						
Government:						
Fixed rate treasury notes	3.50% to 8.000%	5 to 7 years	140,647,878.00	1,972,703.64	142,620,581.64	142,620,581.64
Treasury bonds	2.625% to 4.875%	7 years	301,710,000.00	157,731,614.48	459,441,614.48	459,441,614.48
National fixed rate treasury notes	3.375%	5 years	8,000,000.00	(57,161.21)	7,942,838.79	7,942,838.79
National treasury bonds	2.375% to 2.625%	3 to 5 years	27,010,000.00	(169,877.43)	26,840,122.57	26,840,122.57
Sub-total			477,367,878.00	159,477,279.48	636,845,157.48	636,845,157.48
Total			778,367,878.00	158,748,700.38	937,116,578.38	937,116,578.38

Bonds classified under current asset will mature within one (1) year from the reporting period. Non-current investments will mature within March 2023 to September 2040.

As of December 31, 2022 commercial bonds were disposed of amounting to P91,900,000.00. Loss on sale of HTM financial assets incurred during the year amounting to P327,817.82 (Note 23).

Government bonds and treasury notes were deposited with the Insurance Commission in accordance with the provisions of Section 217 of the Insurance Code for the security and benefit of policyholders and creditors of the Company.

Interest income earned for the years ended December 31, 2023 and 2022 amounted to P46,178,785.06 and P22,686,090.33, respectively (Note 23).

No impairment loss was recognized during the year. Also, these investments were not used as collateral to secure any obligation of the Company.

NOTE 13 - INVESTMENT PROPERTY

The account consists of various parcels of land situated in different geographical location for purposes of capital appreciation. Generally, these properties are revalued by an independent appraiser in which the fair value was determined on the basis of recent sales of similar property in the same area and taking into account the economic conditions prevailing at the time the valuations were made. During 2023, the property was revalued based on the appraisal reports prepared by the Lineage Valuation and Allied Services Corporation which resulted to an increase in fair value of P16,685,730.00.

The details of the account were shown below:

	2023	2022
Balance, January 1	59,006,510.00	136,559,560.00
Disposals	-	-
Balance, December 31	59,006,510.00	136,559,560.00
Adjustment	-	(77,553,050.00)
Increase in fair value	16,685,730.00	-
Fair value, December 31	75,692,240.00	59,006,510.00

The adjustment during 2022 pertains to the reclassification of land property into property and equipment amounting to P77,553,050.00 located in T.M. Kalaw Ave. where the Company's office building were situated (Note 14).

As of the reporting period, these properties were not used as collateral to secure any obligation of the Company.

Moreover, there was no objective evidence which warrants the impairment of the aforementioned properties. Hence, no impairment loss was recognized during the year.

NOTE 14 - PROPERTY AND EQUIPMENT, NET

A reconciliation of carrying amount of property and equipment at the beginning and end of 2022 and 2023 are shown below:

Cost	2021	Additions	Adjustment	2022	Additions	Adjustments	2023
Land	-	-	77,553,050.00	77,553,050.00	-	3,675,500.00	81,228,550.00
Building	75,232,605.18	-	1,253,849.49	76,486,454.67	-	2,028,587.40	78,515,042.07
Building improvement	27,722,485.24	210,357.16	-	27,932,842.40	-	-	27,932,842.40
EDP machines	17,503,561.09	628,426.79	-	18,131,987.88	181,361.60	-	18,313,349.48
Furniture and fixtures	6,730,398.54	50,522.50	-	6,780,921.04	159,031.41	-	6,939,952.45
Motor car	11,293,800.00	-	-	11,293,800.00	-	-	11,293,800.00
Office equipment	4,136,355.29	192,016.67	-	4,328,371.96	107,267.75	-	4,435,639.71
Total	142,619,205.34	1,081,323.12	78,806,899.49	222,507,427.95	447,660.76	5,704,087.40	228,659,176.11

Accumulated Depreciation	2021	Depreciation	Adjustment	2022	Depreciation	Adjustments	2023
Building	20,589,583.58	767,200.27	-	21,356,783.85	767,200.27	0.01	22,123,984.13
Building improvement	8,955,582.84	697,006.38	-	9,652,589.22	698,321.11	0.01	10,350,910.34
EDP machines	11,444,342.02	1,996,485.82	-	13,440,827.84	1,636,194.08	(2,209.69)	15,074,812.23
Furniture and fixtures	6,226,936.14	299,122.85	-	6,526,058.99	212,114.52	(41,143.73)	6,697,029.78
Motor car	10,452,465.01	478,780.00	-	10,931,245.01	362,555.00	(0.01)	11,293,800.00
Office equipment	3,451,791.11	43,663.65	-	3,495,454.76	112,585.61	-	3,608,040.37
Total	61,120,700.70	4,282,258.97	-	65,402,959.67	3,788,970.59	(43,353.41)	69,148,576.85
Carrying value	81,498,504.64			157,104,468.28			159,510,599.26

As of December 31, 2023, the Company purchased of projector, printer, 3 units Acer CPU and monitor, office equipment used in the normal operation of the Company. Addition in furniture and fixtures pertains to office partitions/office cubicles for BDO's of marketing department.

During the year 2022, the additions pertains to acquisition of desktops, printers, laptops for officers, access switch, USB soundbar, office equipment used in the normal operation of the Company.

Adjustment in building for the years ended December 31, 2023 and 2022 pertains to adjustment in revaluation of properties. The adjustment in land pertains to the reclassification from investment property amounting to P77,553,050 during 2022 and adjustment in revaluation of property during 2023. (Note 13).

The land and building was revalued by an independent appraiser, which was duly approved by the Insurance Commission on August 25, 2016, in which the fair value was determined on the basis of recent sales of similar property in the same area and taking into account the economic conditions prevailing at the time the valuations were made. The resulting gain on revaluation amounted to P5,704,087.40 and P1,253,849.49 for the years ended December 31, 2023 and 2022, respectively.

Part of the Company's building and improvements are being leased out to Country Bankers Insurance Corporation (CBIC) and La Fuerza Lending Corporation. However, still significant part of the building were used for operational purposes, therefore the building is classified as property and equipment. Rental income amounted to P3,955,860.00 and P3,293,962.56 for the years ended December 31, 2023 and 2022, respectively. (Note 23 and 26).

None of the above properties were used as collateral to any liabilities of the Company as of the reporting period. Also, there was no indication that the above property and equipment are impaired, thus, no impairment loss was recognized during the years 2021 and 2020.

NOTE 15 - OTHER NON-CURRENT ASSETS

The account consists of the following:

	2023	2022
Deferred tax assets	56,438,483.54	48,807,441.39
Contingency reserve fund	3,855,852.40	4,728,287.66
Computer software	2,064,582.36	2,401,222.04
Deferred charges – MCIT (Note 25)	748,450.96	-
Rental deposits	377,822.76	495,595.96
Investment – security fund	20,445.00	20,445.00
Total	63,505,637.02	56,452,992.05

Contingency reserve fund pertains to the Company's share in the contingency reserve funds of pooled businesses such as National Home MRI Pool, Pag-ibig Fund Insurance Pool and SSS MRI Pool.

The movements of the Company's deferred tax assets as of December 31, 2023 and 2022 are as follows:

Temporary differences	2022	Income tax benefit	2023
NOLCO	46,335,229.31	7,631,042.15	53,966,271.46
Revaluation for non-depreciable asset	4,947,095.24	-	4,947,095.24
Pension benefit obligation	(2,548,383.16)	-	(2,548,383.16)
Allowance on impairment loss on AFS	73,500.00	-	73,500.00
Total	48,807,441.39	7,631,042.15	56,438,483.54

Computer software account represents accumulated cost incurred in developing the Company's computer system which is amortized for 5 years. Movements of the account are as follows:

	2023	2022
Beginning	2,401,222.04	2,370,485.25
Additions	587,815.03	871,524.50
Amortization	(924,454.71)	(840,787.71)
Ending	2,064,582.36	2,401,222.04

Rental deposits pertains to the advance payment of the Company for the parking fee and security deposit.

NOTE 16 - POLICY AND CONTRACT LIABILITIES

The account consists of the following:

	2023	2022
Policy claims payable	88,483,221.27	89,224,641.51
Unclaimed maturity benefits	6,529,571.28	9,188,462.48
Applicant's deposits	2,359,338.02	1,018,096.97
Unclaimed anticipated endowments	2,131,516.02	1,738,619.02
Total	99,503,646.59	101,169,819.98

Policy claims payable represents estimated liability for reported claims and accrual of estimated losses as of reporting date.

NOTE 17 - OTHER CURRENT LIABILITIES

The account consists of the following:

	2023	2022
Due to reinsurer	236,006,339.39	196,855,009.64
Accrued expense	1,575,798.93	1,045,169.41
Funds held in trust	245,636.96	439,989.01
Other payables	13,258,688.20	6,593,012.98
Total	251,086,463.48	204,933,181.04

Due to reinsurers represents reinsurance premiums payable by the Company to all its treaty and facultative reinsurers.

Accrued expenses pertain to Company's liability to government and other accruals, which are expected to be settled within twelve (12) months from the reporting date.

Funds held in trust during the year mainly consist of overpayment of premiums refundable to the Company's bank clients.

Other payables consist of statutory obligation such as premium tax payable, withholding taxes payable, documentary stamp tax payable, unearned investment policy, SSS/Pag-ibig payable and SSS/Pag-ibig loan payables.

Other payables consist of the following:

	2023	2022
Premium tax payable (Note 26)	9,886,335.12	3,510,553.17
Withholding tax payable – expanded (Note 26)	2,346,216.66	2,041,943.32
SSS/Pag-ibig fund payable	489,495.91	421,405.91
Pools business	238,839.00	252,541.00
PHIC payable	110,863.55	107,420.88
SSS/Pag-ibig loan payables	84,716.30	98,418.67
Documentary stamps payable (Note 26)	54,296.99	79,282.03
Unearned investment income – policy	31,844.74	29,640.06
Withholding tax payable – compensation (Note 26)	16,079.93	51,807.94
Total	13,258,688.20	6,593,012.98

NOTE 18 - PENSION BENEFIT OBLIGATION

The Company has a funded, non-contributory defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and compensation at date of retirement. The fund is administered by various local banks as trustees.

The Company fully adopted the Revised Philippine Accounting Standard (PAS) 19 since its effectivity date on January 1, 2013.

As of December 31, 2023, the Present Value of Benefit Obligation and the Fair Value of the Plan Assets amounted to P49,676,183.00 and P37,704,554.00, respectively, (P46,132,755.00 and P43,110,431.00, respectively in 2022).

As of December 31, 2023 and 2022, the Company recognized a net pension liability of P11,971,629.00 and P3,022,324.00, respectively, in the statements of financial position based on actuarial valuation report on the same dates. The total retirement expense charged to operations in 2023 and 2022 amounted to P3,086,329.00 and P3,976,357.00, respectively (Note 24).

The reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the recognized liability included under "Pension Benefit Obligation" account in the statements of financial position is as follows:

	2023	2022
Present value of the obligation	49,676,183.00	46,132,755.00
Fair value of plan assets	(37,704,554.00)	(43,110,431.00)
Unfunded obligation	11,971,629.00	3,022,324.00
Unrecognized actuarial gains (losses)	-	-
Pension benefit obligation	11,971,629.00	3,022,324.00

The movements in the present value of the defined benefit obligation are shown below:

	2023	2022
Liability at beginning of year	46,132,755.00	52,811,063.00
Current service cost and interest cost	6,134,236.00	6,202,860.00
Benefits paid	(6,108,121.00)	(2,445,467.00)
Actuarial loss (gain)	3,517,313.00	(10,435,701.00)
Liability at the end of the year	49,676,183.00	46,132,755.00

The movements in the fair value of plan assets are shown below:

	2023	2022
Fair value of plan assets at the beginning of year	43,110,431.00	45,070,915.00
Interest income	3,047,907.00	2,226,503.00
Benefits paid	(6,108,121.00)	(2,445,467.00)
Actuarial loss	(2,345,663.00)	(1,741,520.00)
Fair value of plan assets at the end of the year	37,704,554.00	43,110,431.00

The amount of retirement expense recorded as part of general and aministrative expenses account in the statements of comprehensive income is as follows:

	2023	2022
Current service cost	6,134,236.00	6,202,860.00
Net interest on PBO	(3,047,907.00)	(2,226,503.00)
Retirement expense (Note 24)	3,086,329.00	3,976,357.00

The movements in the pension benefit obligation recognized in the books are as follows:

	2023	2022
Balance at the beginning of the year	3,022,324.00	7,740,148.00
Expense recognized (Note 24)	3,086,329.00	3,976,357.00
Remeasurement of net DB liability	5,862,976.00	(8,694,181.00)
Balance at the end of the year	11,971,629.00	3,022,324.00

For determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2023	2022
Discount rates	7.07%	4.94%
Expected rate of return on plan assets	1.75%	1.11%
Expected rate of salary increases	3.00%	3.00%

NOTE 19 - AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS

The aggregate reserve for life policies and contracts amounting to P233,693,532.77 and P248,968,751.74 as of December 31, 2023 and 2022, respectively, as verified by an independent actuary accredited by both Insurance Commission and Actuarial Society of the Philippines have been valued in accordance with generally accepted actuarial practice and principles together with the pertinent provisions of the Insurance Code.

The computation of aggregate reserve for life policies and contracts makes use of the following Valuation Method namely: Unearned Premium Reserve, Commissioners Reserve Valuation Method (CRVM) and Full Preliminary Term (FPT) and Net Level Premium (NLP) Method. The type of method to be used per plan is identified in the Actuarial notes and Policy forms submitted to the Insurance Commission during product approval. Below is the table of valuation method with the corresponding product class.

Method	Product Class
Unearned Premium	Term Insurance, Assumed Risk, Pools
CRVM	Limited Pay Endowment, Whole Life, Endowment
FPT	Limited Pay Endowment, Whole Life, Endowment
NLP	Limited Pay Life

The increase or decrease in aggregate reserve for life policies and contracts is presented net of deferred premiums which are computed based from the factors set-up by the Insurance Commission which is dependent on effectively month and mode of payment on a per individual policy contract.

Due But Uncollected (DBU) Premiums is computed using the limitations set forth by the Insurance Commission. Such limitations is identified with the mode of premium payment and date of next premium due date.

NOTE 20 - EQUITY

20.1 Capital Stock

The roll-forward analysis of the capital stock is as follows:

	2023		2022	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Common shares - P10 par value	50,000,000	500,000,000.00	50,000,000	500,000,000.00
Issued and fully paid				
At January 1	33,800,996	338,009,960.00	33,800,996	338,009,960.00
Additional subscription	-	-	-	-
At December 31	33,800,996	338,009,960.00	33,800,996	338,009,960.00
Contributed surplus		837,898,220.18		747,898,220.18

20.2 Contributed Surplus

Contributed surplus represents the original contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing requirements as provided under the Insurance Code amounting to P837,898,220.18 and P747,898,220.18 as of December 31, 2023 and 2022, respectively. During 2023, the Company increase the contributed capital amounting to P90,000,000.00 through capital infusion in compliance with the minimum net worth requirement of P1,300,000,000.00 pursuant to IC CL No. 2015-02-A and Section 194 of Republic Act No. 10607 (Amended Insurance Code).

20.3 Retained Earnings

Prior Period Adjustment

Prior period adjustments are corrections of misstatements in the Company's financial statements for one or more periods arising from a failure to use or misuse of reliable information.

The account consists of the following:

	2023
Adjustment on property and equipment (Note 14)	41,143.73
Adjustment on agents account	(12,600.00)
Total	28,543.73

20.4 Other Comprehensive Income

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in remeasurement gains (losses) on retirement pension asset (obligation) in the period in which they arise. Adjustments in remeasurement of the life insurance reserve and pension benefit obligation consists of the following:

	2023	2022
Adjustment on remeasurement of DB liability	(5,862,976.00)	8,694,181.00
Adjustment on remeasurement of the life insurance reserve on previous year	(120,806.17)	22,446,496.71
Total	(5,983,782.17)	31,140,677.71

20.5 Capital Management

The primary objective of the Company's capital management is to ensure the ability of the Company to have sufficient capital to underpin the Company's risk-taking activities, to continue as a going concern, to maintain a strong credit rating and quality capital adequacy ratios to ensure compliance with IC and to provide reasonable returns and benefits to its stockholders.

The BOD has the overall responsibility for monitoring the Company's capital structure and making the necessary adjustments to address the risks and adapt to changes in economic conditions and regulatory requirements.

The Company's BOD and management ensure that all required ratios set by the IC are being complied with and has set maximum limits on risk exposures.

The Company regards the following as the capital it manages as of December 31, 2023:

	2023	2022
Capital stock	338,009,960.00	338,009,960.00
Contributed surplus	837,898,220.18	747,898,220.18
Revaluation on properties	165,966,591.63	143,576,774.23
Unrealized gain on AFS financial assets	99,542,868.51	65,655,469.96
Retained earnings	74,964,966.31	67,905,799.92
Legal policy reserve	18,406,791.86	18,527,598.03
Remeasurement of pension benefit obligation	(16,041,888.00)	(10,178,912.00)
Total	1,518,747,510.49	1,371,394,910.32

Furthermore, debt-to-equity ratio analysis was shown as follows:

	2023	2022
Total liabilities	596,255,271.84	558,094,076.76
Total stockholders' equity	1,516,020,943.14	1,371,394,910.32
Debt-to-equity ratio	P0.39 : P1.00	P0.41: P1.00

Margin of Solvency

Under the Insurance Code, an insurance company doing business in the Philippines shall maintain at all times a margin of solvency equal to P500,000.00 or two per mile of the total amount of its insurance in force as of the preceding year on all policies, except for term insurance, whichever is higher. The margin of solvency is the excess value of admitted assets (as defined under the same code) exclusive of paid-up capital, over the amount of liabilities, unearned premiums and reinsurance reserve.

The amounts of estimated non-admitted assets, as defined in the Code, are as follows:

	2023	2022
Loans and receivables	19,257,019.75	12,649,483.85
Property and equipment	1,070,522.01	1,450,334.24
Other assets	65,204,581.52	53,443,850.08
Total	85,532,123.28	67,543,668.17

If an insurance company failed to meet the minimum required MOS, the Insurance Commission is authorized to suspend or revoke all certificates of authority granted to such companies, its officers and agents, and no new business shall be done by and for such company until its authority is restored by the Insurance Commission.

The final amount of the margin of solvency can be determined only after accounts of the Company have been examined by the Insurance Commissioner specifically as to admitted and non-admitted assets as defined in the Insurance Code.

Unimpaired Capital Requirement
In August 7, 2008, the Insurance Commission issued IMC 22-2008 providing that for purposes of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statements of financial position should show that the net worth or equity is at least equal to the actual paid-up capital. The Company has complied with the unimpaired capital requirement.

Capitalization Requirements
Pursuant to Chapter III, Title 1, Section 194 of the Republic Act No. 10607, otherwise known as "The Insurance Code", a domestic insurance company already doing business in the Philippines shall have the following net worth:

Minimum Statutory Net Worth	Compliance Date
250 Million	June 30, 2013
550 Million	December 31, 2016
900 Million	December 31, 2019
1.3 Billion	December 31, 2022

The Company is compliant with the minimum statutory net worth of 1.3 billion.

The Company's net worth is as follows:

Paid-up capital	338,009,960.00
Retained earnings	74,964,966.31
Contributed surplus	837,898,220.18
Revaluation surplus	165,966,591.63
Unrealized gain in market value of AFS financial assets	99,542,868.51
Total	1,516,382,606.63

NOTE 21 - POLICY CLAIMS AND LOSSES

The account consists of the following:

	2023	2022
Creditor's group life (CGL)	240,284,035.94	267,511,919.12
Group term	115,973,528.49	142,459,549.28
Standard	1,110,000.00	936,844.64
Group permanent	50,640.64	63,038.02
Total	357,418,205.07	410,971,351.06

NOTE 22 - PRODUCTION EXPENSE

The account consists of the following:

	2023	2022
Salaries and wages	21,672,195.51	22,430,276.97
Transportation and travel	5,632,129.81	3,849,024.19
Representation and entertainment	4,424,029.65	4,475,164.85
Year-end bonus and gifts	4,413,622.24	4,376,627.69
Stationery and supplies used	1,200,629.72	1,284,225.16
Postage, mailing and communication	920,159.21	1,671,427.38
Fuel and lubricants	740,248.41	683,443.60
Agents training and coordination	444,842.68	-
Repairs and maintenance	215,706.18	216,778.58
Rentals	181,500.00	342,267.00
Light, heat and utilities	104,593.76	90,236.18
Reinsurance premiums	-	1,000,000.00
Miscellaneous expense	8,059.79	12,765.20
Total	39,957,716.96	40,432,236.80

Miscellaneous expense represents various expenses incurred by the Company incidental to its function and which are not classified on the above listed production expenses.

NOTE 23 - OTHER INCOME, NET

The account consists of the following:

	2023	2022
Investment income	47,469,697.45	24,147,181.40
Rentals (Notes 14,28)	3,955,860.00	3,293,962.56
Interest income on deposits (Note 7)	1,152,236.58	572,127.01
Dividend income (Note 11)	1,190.34	850.02
Loss on sale of investments (Note 11)	-	(327,817.82)
Miscellaneous income	567,685.26	978,414.55
Total	53,146,669.63	28,664,717.72

Details of the above investment income account are as follows:

	2023	2022
Bonds (Note 12)	46,178,785.06	22,686,090.33
Policy	1,290,912.39	1,461,091.07
Total	47,469,697.45	24,147,181.40

Miscellaneous income pertains to the interest income from mortgage of loan.

NOTE 24 - GENERAL AND ADMINISTRATIVE EXPENSE

The account consists of the following:

	2023	2022
Employees benefit	21,555,756.47	21,303,446.19
Representation and entertainment	14,128,538.05	13,855,830.93
Salaries and wages	10,734,147.96	10,334,848.39
Light, heat and utilities	5,721,741.44	4,173,294.38
Penalties and surcharges	5,515,719.71	3,243,094.78
Depreciation and amortization (Notes 14,15)	4,711,215.61	5,123,046.68
Year-end bonus and gifts	4,381,533.28	2,166,211.20
Transportation and travel	3,995,954.72	3,644,109.86
SSS premiums, pag-ibig and medicare	3,899,192.56	3,249,955.27
Retirement benefits (Note 18)	3,086,329.00	3,976,357.00
Postage, mailing and communications	2,900,631.13	2,517,972.62
Taxes and licenses (Note 26)	2,892,028.34	2,900,300.67
Promotions and advertising	2,145,116.66	2,365,709.42
Professional, legal and audit fees	1,893,529.44	1,867,647.07
Repairs and maintenance	1,554,935.40	1,408,969.73
Donations and contributions	1,441,750.00	1,390,500.00
Directors' per diem (Note 27)	1,433,333.23	1,661,110.99
Stationery and supplies used	1,217,991.73	527,542.36
Membership fees and association dues	364,000.72	392,093.88
Bank charges	270,271.80	208,122.40
Insurance	250,185.78	301,452.35
Rentals	147,053.56	-
Photocopying	5,718.00	97,612.29
Miscellaneous expense	363,751.44	232,808.50
Total	94,865,347.24	86,942,036.96

Penalties and surcharges represent payment of the Company for the tax deficiency on income tax, VAT, expanded withholding tax and documentary stamp tax for taxable period January 1 to December 31, 2023 and late payments of VAT, income tax, withholding taxes, documentary stamp tax and premium tax for the year.

Miscellaneous expense represents various expenses incurred by the Company incidental to their function and which are not classified on the above listed general and administrative expenses.

NOTE 25 - TAXATION

The Company's income tax was computed as follows:

Regular Corporate Income Tax (RCIT) - 25%	2023	2022
Loss before income tax	(600,419.49)	(81,929,095.90)
Add: Non-deductible expense		
* Representation expense	13,498,900.18	13,155,320.87
Penalties and surcharges	5,515,719.71	3,243,094.78
Donations and contributions	1,441,750.00	1,390,500.00
Loss on sale of bonds	-	327,817.82
* Retirement expense	(3,047,907.00)	(2,226,503.00)
Total	17,408,462.89	15,890,230.47
Less: Income already subjected to tax		
Investment income	46,178,785.06	22,686,090.33
Interest income on deposits	1,152,236.58	572,127.01
Dividend income	1,190.34	850.02
Total	47,332,211.98	23,259,067.36
Net operating loss before NOLCO	(30,524,168.58)	(89,297,932.79)
Less: Applied NOLCO	-	-
Taxable loss	(30,524,168.58)	(89,297,932.79)
RCIT rate	25%	25%
Provision for income tax	- NIL -	- NIL -

* **Limits**

Entertainment, amusement and recreation expense (EAR)	Actual	Limit	Excess
Production expenses	4,424,029.65	1,205,093.30	3,218,936.35
General and administrative expenses	14,128,538.05	3,848,574.22	10,279,963.83
Total	18,552,567.70	5,053,667.52	13,498,900.18

*	Retirement:		
	Retirement expense	3,086,329.00	3,086,329.00
	Current service cost (CSC)	6,134,236.00	6,134,236.00
	Non-deductible		(3,047,907.00)

Donations and contributions:

Loss before income tax		(600,419.49)
Add:	Non-deductible	
	Representation expense	13,498,900.18
	Fines and penalties	5,515,719.71
	Retirement expense	(3,047,907.00)
Less:	Income already subjected to tax	
	Investment income	46,178,785.06
	Interest income on deposits	1,152,236.58
	Dividend income	1,190.34
Taxable loss before deduction of donations and contributions		(31,965,918.58)
Less:	NOLCO	-
Taxable loss before deduction of donations and contributions		(31,965,918.58)
		5%
Limit on donations and conrtribution		- NIL -

Minimum Corporate Income Tax (MCIT) - 2% / 1%		2023	2022
Total underwriting income		505,366,752.03	507,713,775.47
Rentals		3,955,860.00	3,293,962.56
Investment income – policy		1,290,912.39	1,461,091.07
Miscellaneous income		567,685.26	978,414.55
Total		511,181,209.68	513,447,243.65
Less:	Underwriting expenses		
	Benefits paid or provided	352,474,917.11	415,664,146.33
	Insurance expense	72,070,781.05	75,269,169.00
	Production expenses	36,738,780.61	37,274,355.42
	Total	461,284,478.77	528,207,670.75
Gross income (loss) subject to MCIT		49,896,730.91	513,447,243.65
MCIT rate		1.50%	1%
Minimum corporate income tax		748,450.96	- NIL -

Deferred Tax - MCIT	2023	2022
Incurred in 2023, carry forward benefit up to 2026	748,450.96	-
Incurred in 2019, expired in 2022	-	(2,585,673.49)
Incurred in 2019, carry forward benefit up to 2022	-	2,949,835.20
Incurred in 2019, applied in 2020	-	(364,161.71)
Total	748,450.96	-

Net Operating Loss Carry-Over (NOLCO)	2023	2022
Incurred in 2023, carry forward benefit up to 2026	30,524,168.58	-
Incurred in 2022, carry forward benefit up to 2025	89,297,932.79	89,297,932.79
Incurred in 2021, carry forward benefit up to 2026*	96,042,984.45	96,042,984.45
Total	215,865,085.82	185,340,917.24

Creditable Income Tax	2023	2022
Income tax due	748,450.96	-
Less: Tax credit/payments		
Previous years excess tax credit	1,287,125.45	945,051.40
Creditable tax - current	394,353.69	296,277.55
Quarter tax payments	-	45,796.50
Total	1,681,479.14	1,287,125.45
Creditable income tax	(933,028.18)	(1,287,125.45)

*Five (5) year period of entitlement to deduct net operating loss incurred for taxable years 2020 and 2021 in compliance with Section 4 (bbbb) of Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act" which states that:

"(bbbb) Notwithstanding the provision of existing laws to the contrary, the net operating loss of the business or enterprise for taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss; Provided, that this subsection shall remain in effect even after expiration of this act.

NOTE 26 - SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

Presented below is the supplementary information which is required by the BIR under its existing revenue regulations to be disclosed as part of the notes to the financial statements. This supplementary information is not a required disclosure under PFRS.

26.1 Requirements under Revenue Regulations No. 15-2010

In compliance with BIR Revenue Regulations No. 15-2010 (amending certain provision of Sec. 2 of RR No. 21-2002), which requires addition to the disclosures mandated under the Philippine Financial Reporting Standards, and such other standards and convention, the notes to the financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year, particularly on the following which is applicable to the Company:

Premium Tax
The Company paid and accrued a total premium tax of P10,065,431.78 and P9,886,335.12, respectively, during the year ended December 31, 2023.

Taxes on Importation
The Company did not have any importation during the year.

Excise Tax
The Company did not have any transaction subject to excise tax in 2023.

Documentary Stamp Tax
The Company paid and accrued documentary stamp tax on life insurance policy amounting to P498,400.00 and P54,296.99, respectively.

Taxes and Licenses
The details of taxes and licenses account are as follows:

Local	
Business permit	1,779,895.90
Real property taxes	748,796.51
Licenses	233,815.00
Municipal taxes	97,700.20
Community tax	12,040.00
Others	19,280.73
Sub-total	2,891,528.34
National	
Annual registration fee	500.00
Total	2,892,028.34

Others consist of payment for certifications, legal research fees, registration, and other necessary expenses.

Withholding Taxes

	Paid	Accrued
Withholding tax on compensation	711,943.04	16,079.93
Expanded withholding tax	2,192,515.19	2,346,216.66
Total	2,904,458.23	2,362,296.59

Final Taxes
The Company did not pay any final tax during the year.

Deficiency Tax Assessments and Tax Cases
For the year ended December 31, 2023, the Company has no final deficiency tax assessments from the BIR nor does it have any tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

26.2 Requirements under Revenue Regulations No. 19-2011

Revenue Regulations No. 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and/or services, itemized deductions and other significant tax information, to be disclosed in the notes to the financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts of revenues reflected in the 2023 statements of comprehensive income (loss), which is based on PFRS.

Taxable Revenue
The Company had taxable revenue for the year ended December 31, 2023 amounting to P505,366,752.03 mainly arising from insurance premiums.

Deductible Cost of Services
Deductible costs of services under the regular tax regime for the years ended December 31, 2023 comprise of the following:

Benefits paid or provided	352,474,917.11
Insurance expense	72,070,781.05
Production expenses	36,738,780.61
Total	461,284,478.77

Taxable Other Income
The Company has net taxable other income subject to regular income tax rate as follows:

Rentals	3,955,860.00
Investment income – policy	1,290,912.39
Miscellaneous income	567,685.26
Total	5,814,457.65

Itemized Deductions

The amounts of itemized deductions under the regular tax regime for the year ended December 31, 2023 follow:

Employee benefit	21,555,756.47
Salaries and wages	10,734,147.96
Retirement benefits	6,134,236.00
Light, heat and utilities	5,721,741.44
Depreciation and amortization	4,711,215.61
Year-end bonus and gifts	4,381,533.28
Transportation and travel	3,995,954.72
SSS premiums, pag-ibig and medicare	3,899,192.56
Representation and entertainment	3,848,574.22
Postage, mailing and communications	2,900,631.13
Taxes and licenses	2,892,028.34
Promotions and advertising	2,145,116.66
Professional, legal and audit fees	1,893,529.44
Repairs and maintenance	1,554,935.40
Directors' per diem	1,433,333.23
Stationery and supplies used	1,217,991.73
Membership fees and association dues	364,000.72
Insurance	250,185.78
Bank charges	270,271.80
Rent expense	147,053.56
Photocopying	5,718.00
Miscellaneous expense	363,751.44
Total	80,420,899.49

26.3 Requirements under Revenue Regulations No. 34-2020

The Company is not covered by the requirements and procedures for related party transactions provided under RR No. 34-2020.

NOTE 27 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company entered into a lease agreement with Country Bankers Insurance Corporation (CBIC) and La Fuerza Lending Corporation who are both affiliates. The three companies are related parties due to common directorship and officer ship (Note 9).

The statements of financial position and statements of comprehensive income include the following amounts resulting from the above transactions with related parties:

	2023		2022	
Under common control	Amount of transaction	Outstanding balance	Amount of transaction	Outstanding balance
Country Bankers Insurance Corporation				
Income	2,975,860.80		2,975,860.80	
Accounts and other receivable		2,579,374.32		2,078,074.14
Additions	3,715,520.36		3,606,299.49	
Collected	(3,214,220.18)		(1,569,284.90)	
La Fuerza Corporation				
Income	55,860.00		55,860.00	
Accounts and other receivable		809,395.78		1,268,897.71
Additions	142,543.57		156,103.71	
Collected	(602,045.50)		(83,747.00)	

Receivables to affiliates – these are unsecured, non-interest bearing and are collectible within a year from the reporting period.

The Company provide per diem amounting to P1,433,333.23 and P1,661,110.99 in December 31, 2023 and 2022, respectively, to its directors and other key management personnel.

NOTE 28 - COMMITMENTS AND CONTINGENCY

28.1 Lease Commitments

The Company has lease agreements, which are renewable annually with Country Bankers Insurance Corporation (CBIC) and La Fuerza Lending Corp., the lessees.

The future annual minimum rental income not later than one year amounted to P3,955,860.00.

Rental income amounted to P3,955,860.00 and P3,293,962.56 for the years ended December 31, 2023 and 2022, respectively (Note 23).

28.2 Contingencies

The Company is contingently liable for existing lawsuits and claims from and against third parties, arising from the ordinary course of business. Management believes that the ultimate liability for these lawsuits and claims, if any, would not be material in relation to the financial position and operating results of the Company.

NOTE 29 - EARNINGS AND BOOK VALUE PER SHARE

Computation of earnings per share and book value per share are summarized below:

	2023	2022
Net income (loss)	7,030,622.66	(59,604,612.70)
Outstanding common shares	33,800,996.00	33,800,996.00
Income (loss) per share	P0.21	(P1.76)

	2023	2022
Total stockholders' equity	1,518,747,510.29	1,371,394,910.32
Outstanding common shares	33,800,996.00	33,800,996.00
Book value per share	P44.93 : 1	P40.57 : 1

NOTE 30 - EVENTS AFTER THE END OF REPORTING PERIOD

An entity shall adjust the amounts recognized in its financial statements to reflect adjusting events after the reporting period.

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period. If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions of users taken on the basis of financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

a) the nature of the event; and
b) an estimate of its financial effect or a statement that such an estimate cannot be made.

The Company has evaluated subsequent events through April 12, 2024, which is the date of the financial statements were available to be issued.