CARD MRI Insurance Agency, Inc.

Financial Statements
December 31, 2022 and 2021

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
CARD MRI Insurance Agency, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CARD MRI Insurance Agency, Inc. (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the 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 at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 23 is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of CARD MRI Insurance Agency, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Miguel U. Ballelos, Jr.

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Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-114-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9369777, January 3, 2023, Makati City

April 24, 2023

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	**₱9,162,136**	₱10,395,815
Short-term investment (Note 5)	**2,419,288**	18,840,151
Loans and receivables (Note 6)	**9,061,184**	7,889,398
Other assets (Note 7)	**3,921,419**	8,405,851
	24,564,027	45,531,215
Noncurrent Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	**90,687,086**	89,759,758
Property and equipment (Note 10)	**488,683**	311,862
Right-of-use asset (Notes 10 and 16)	**2,178,574**	1,958,947
Investment properties (Note 11)	**6,341,258**	6,664,558
Deferred tax assets (Note 17)	**2,171,116**	276,033
Pension asset - net (Note 15)	**302,591**	1,988,253
	102,169,308	100,959,411
	₱126,733,335	₱146,490,626
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 12)	**₱17,982,300**	₱14,683,841
Noncurrent Liabilities		
Lease liabilities – noncurrent (Note 16)	**433,233**	780,950
	₱18,415,533	₱15,464,791
Equity		
Capital stock (Note 13)	**50,000,000**	50,000,000
Retained earnings (Note 13)	**82,380,420**	94,266,486
Remeasurement loss on defined benefit plan (Note 15)	**(3,348,230)**	(1,888,655)
Unrealized loss on financial asset at FVOCI (Note 8)	**(20,714,388)**	(11,351,996)
	108,317,802	131,025,835
	₱126,733,335	₱146,490,626

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Commission income (Note 20)	**₱115,043,671**	₱93,634,616
Dividend income (Note 8)	**9,486,457**	8,419,531
Administration fee	**1,991,196**	1,948,851
Interest income (Notes 4, 5 and 7)	**591,654**	388,759
Other income (Note 11)	**356,506**	289,128
	127,469,484	104,680,885
EXPENSES		
Salaries and allowances	**15,202,179**	12,034,751
Transportation and travel	**7,858,028**	4,963,754
Provision for (reversal of) impairment losses (Notes 6 and 7)	**3,842,742**	(1,434,056)
Professional fees	**3,799,753**	3,933,865
Depreciation (Notes 10 and 11)	**2,535,424**	1,439,684
Program monitoring and evaluation	**2,394,886**	2,349,763
Information technology expense	**1,857,163**	2,034,372
Advertising and promotion	**1,605,407**	855,499
Insurance	**1,512,245**	860,879
Training and development	**1,420,072**	424,435
Security and janitorial	**1,234,951**	1,150,186
Pension expense (Note 15)	**501,320**	492,669
Repairs and maintenance	**807,008**	610,265
Supplies	**514,154**	871,217
Light and water	**432,042**	350,564
Rent (Note 16)	**246,929**	1,719,782
Communication and postage	**192,298**	205,421
Interest expense (Note 16)	**132,587**	102,030
Taxes and licenses	**91,145**	203,999
Representation and entertainment	**14,852**	76,948
Other expenses	**637,643**	178,201
	46,832,828	33,424,228
INCOME BEFORE INCOME TAX	**80,636,656**	71,256,657
PROVISION FOR TAX (Note 17)	**17,522,722**	13,362,888
NET INCOME	**₱63,113,934**	₱57,893,769

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
NET INCOME	**₱63,113,934**	₱57,893,769
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified to profit or loss in subsequent periods:		
Unrealized gain (loss) on financial asset at fair value through other comprehensive income (Note 8)	**(9,362,392)**	11,707,395
Items that will not to be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan - net of tax (Note 15)	**(1,459,575)**	(252,970)
	(10,821,967)	11,454,425
TOTAL COMPREHENSIVE INCOME	**₱52,291,967**	₱69,348,194

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 13)	Unappropriated Retained Earnings (Note 13)	Remeasurement Loss on Defined Benefit Plan (Note 13)	Unrealized loss on financial asset at FVOCI (Note 8)	Total
At January 1, 2022	**₱50,000,000**	**₱94,266,486**	**(₱1,888,655)**	**(₱11,351,996)**	**₱131,025,835**
Dividends (Note 13)	–	**(75,000,000)**	–	–	**(75,000,000)**
Total comprehensive income					
Net income	–	**63,113,934**	–	–	**63,113,934**
Other comprehensive loss	–	–	**(1,459,575)**	**(9,362,392)**	**(10,821,967)**
At December 31, 2022	**₱50,000,000**	**₱82,380,420**	**(₱3,348,230)**	**(₱20,714,388)**	**₱108,317,802**
At January 1, 2021	₱50,000,000	₱61,372,717	(₱1,635,685)	(₱23,059,391)	₱86,677,641
Dividends (Note 13)	–	(25,000,000)	–	–	(25,000,000)
Total comprehensive income					
Net income	–	57,893,769	–	–	57,893,769
Other comprehensive income	–	–	(252,970)	11,707,395	11,454,425
At December 31, 2021	₱50,000,000	₱94,266,486	(₱1,888,655)	(₱11,351,996)	₱131,025,835

See accompanying Notes to Financial Statements

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱80,636,656**	₱71,256,657
Adjustments for:		
Provision for (reversal of) impairment losses (Notes 6 and 7)	**3,842,742**	(1,434,056)
Depreciation (Notes 7, 10 and 11)	**2,535,424**	1,439,684
Retirement expense (Note 15)	**501,320**	492,669
Interest income (Notes 4, 5 and 7)	**(591,654)**	(388,759)
Interest expense (Note 16)	**132,587**	102,030
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	**(1,714,063)**	11,240,437
Short-term investments	**14,680,000**	(16,506,187)
Other current assets	**1,769,741**	(4,773,680)
Increase (decrease) in trade and other payables	**2,821,512**	(662,355)
Net cash flows generated from operations	**104,614,265**	60,766,440
Income tax paid	**(19,351,013)**	(15,707,065)
Contributions made to the retirement fund (Note 15)	**(199,712)**	(163,676)
Interest received	**1,233,754**	233,296
Net cash flows provided by operating activities	**86,297,294**	45,128,995
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI (Note 8)	**(10,289,720)**	(16,112,009)
Property and equipment excluding right-of-use assets (Note 10)	**(377,199)**	(130,804)
Cash flows used in investing activities	**(10,666,919)**	(16,242,813)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 14)	**(75,000,000)**	(25,000,000)
Payment of lease liabilities (Note 15)	**(1,864,054)**	(1,022,672)
Cash flows used in financing activities	**(76,864,054)**	(26,022,672)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,233,679)**	2,863,510
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**10,395,815**	7,532,305
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱9,162,136**	₱10,395,815

See accompanying Notes to Financial Statements.

1. Corporate Information

CARD MRI Insurance Agency, Inc. (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on August 2, 2007 primarily to engage in the business of selling life and non-life insurance and other related services. 36.63% of the Company's common stock is owned by CARD, Inc., a social development organization incorporated in the Philippines.

The registered office address of the Company is 120 M. Paulino St., corner P. Burgos St., Brgy. VII-D, San Pablo City, Laguna.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying financial statements of the Company have been prepared on a historical cost basis except for the financial assets at fair value through other comprehensive income (FVOCI) which are measured at fair value. The financial statements are presented in Philippine peso (₱), the Company's functional and presentation currency. All amounts are rounded off to the nearest peso, unless otherwise indicated.

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Adoption of these amendments did not have an impact on the financial statements of the Company.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities 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 costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 percent' test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

Significant Accounting Polices

Fair Value Measurement
The Company measures financial instruments at fair value at each reporting period. 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.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid instruments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

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

a) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Receivables are measured at the transaction price as determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not SPPI are generally classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model that holds financial assets to collect contractual cash flows. Those classified and measured at FVOCI are held within a business model that holds financial assets both to collect contractual cash flows and sell the financial assets.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments),
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments),
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at FVTPL.

The Company does not have debt instruments at FVOCI and financial assets at FVTPL.

Financial assets at amortized cost (debt instruments)
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include 'Cash and cash equivalents', 'Short-term investments', 'Loans and receivables', and security deposits recorded in 'Other assets'.

Financial assets at FVOCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses arising from changes in fair value are recognized in other comprehensive income. When the asset is disposed of, the cumulative gains and losses previously are never recycled to profit or loss. Any dividends earned on holding these equity instruments are recognized in profit or loss under 'Dividend income' account.

The Company has designated its investments in unquoted equity instruments under this category.

Reclassification
The Company can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Company is required to reclassify financial assets: (i) from amortized cost to fair value, if the objective of the business model changes so that the amortized cost criteria are no longer met; and (ii) from fair value to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. A change in the objective of the Company's business model will be effected only at the beginning of the next reporting period following the change in the business model.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risks and rewards of the asset but has transferred the control over the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and associated liability are measured on the basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets
The Company recognizes a loss allowance for expected credit losses (ECL) for all debt instruments not held at FVTPL. ECLs are 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 of the 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.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For a financial asset with no significant financing component, the Company applies the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Management of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Company considers a financial asset in default when contractual payments are 90 days past due. 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.

b) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities are contractual arrangements that result in the Company having an obligation either to deliver cash or another financial asset to the holder.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVTPL
- Financial liabilities at amortized cost (payables)

The Company does not have financial liabilities at FVTPL, loans and borrowings and derivatives designated as hedging instruments in an effective hedge.

Financial liabilities at amortized cost (payables)
This pertains to financial liabilities which are not designated at FVTPL upon inception of the liability. This category applies to the Company's trade payables, accrued expenses and other payables presented as 'Trade and other payables' in the statement of financial position.

After initial measurement, financial liabilities not qualified as and not designated as FVTPL are subsequently measured at amortized cost using the EIR 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 EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or 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. The difference in the respective carrying amounts is recognized in the statement of income.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Company and all of the counterparties.

<u>Property and Equipment</u>
The Company's property and equipment consist of equipment, furniture and fixtures, and right-of-use assets.

Property and equipment are stated at cost less accumulated depreciation, and any impairment in value. The initial cost of property and equipment comprises its purchase price, including nonrefundable taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the items of property and equipment have been put into operation, such as repairs and maintenance, are charged against the statement of income. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future benefits expected to be obtained from the use of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of the asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation is computed using the straight-line method over the EUL of the respective assets. The EULs of the depreciable assets follows:

	Years
Transportation equipment	7
Computer equipment	5
Office equipment	3
Office furniture and fixtures	3

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made with respect to these assets.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the period the asset is derecognized.

Investment Properties
Investment properties are properties (land and/or buildings) held to earn rentals or for capital appreciation (or both). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and amortization and any impairment in value.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives (EUL) of ten (10) years.

Impairment of Non-Financial Assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses may no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Creditable Withholding Taxes (CWTs)
CWTs pertain to the taxes paid by the Company that is withheld by its counterparty for the payment of its expenses and other purchases. These CWTs are initially recorded at cost as an asset under "Other assets" account.

At the end of each tax-reporting deadline, these CWTs may either be offset against future income tax payable or be claimed as a refund from the taxation authorities at the option of the Company. At the end of each reporting period, an assessment for impairment is performed as to the recoverability of these CWTs.

Value-Added Tax (VAT)
Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the tax is recognized as part of the cost acquisition from the asset or as part of the expense item as applicable; and
- receivable and payable that are stated with the amount of tax included.

The net amount of tax recoverable from the tax authority is included as part of 'Other assets' in the statement of financial position.

Net Pension Liability/Asset
The Company operates a defined benefit pension plan which requires contributions to be made to a separately administered fund.

The net pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service cost, past service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined pension liability or asset is the change during the period in the net defined pension liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined pension liability or asset. Net interest on the net defined pension liability or asset is recognized as expense or income in profit or loss.

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 pension liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

<u>Equity</u>
Capital Stock
Capital stock is measured at par value for all shares issued and outstanding. Proceeds in excess of par value are recognized under equity as “Additional paid-in capital” in the statement of financial position. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained Earnings
Retained earnings represent all accumulated profits or losses of the Company and all other capital adjustments.

<u>Revenue</u>
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenues within the scope of PFRS 15, Revenue from Contracts with Customers
Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before revenue is recognized within the scope of PFRS 15:

Commission income
The Company recognizes commission income based on premium billings upon rendition of services to the insured and upon issuance of policies by the insurer. Premiums due from insured are collectible by the Company for the account of the insurer and are remittable to them within the credit term.

Administration fee
Administration fee is recognized by the Company upon rendition of the service to its clients.

Other income
Income from other sources is recognized when earned.

Revenues outside the scope of PFRS 15
Interest income
Interest income is recognized in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset.

Dividend income
Dividend income is recognized when the Company's right to receive payment is established.

Expense Recognition
Expenses are recognized when it is probable that a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has occurred and the decrease can be measured reliably. Expenses are recognized in the statement of income as incurred.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do

not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of various IT equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Income and Other Taxes
Current tax
Current tax assets and current tax liabilities for the current and prior years 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 enacted or substantively enacted at the reporting period.

Deferred tax
Deferred tax is provided, using the statement of financial position liability method, on all temporary differences at the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets or liabilities, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income (loss).

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

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Current tax and deferred tax relating to items recognized as other comprehensive income is also recognized in the Company's statement of other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and 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. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized under 'Interest expense' in the statement of income.

Contingencies

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

Events after the End of the Reporting Period

Post year-end events up to the date of the approval of the Board of Directors (BOD) of the financial statements that provide additional information about the Company's position at the reporting date (adjusting events), are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed in the notes to the financial statements when material.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1 and PFRS Practice Statement 2*, Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Taxes related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent assets and contingent liabilities, if any. The effects of any changes in judgements and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

Revenue from contracts with customers

The Company applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- *Principal versus agent considerations*

  The Company enters into contracts with insurance companies to arrange for the provision of the specified service (i.e. place or sell insurance policies). The Company determined that it does not control the specified goods or service (i.e. insurance policies). The following factors indicate that the Company does not control the goods before they are being transferred to customers. Therefore, the Company determined that it is acting as an agent in these contracts.

  - The Company is not primarily responsible for fulfilling the promise to provide the insurance coverage to policyholders.
  - The Company has no discretion in establishing the price for the insurance policies. The Company's consideration in the contracts with insurance companies is only the commission amount based on the specified percentage of premiums being paid by the policyholders.

Fair value of financial assets

When the fair values of financial instruments recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These judgments may include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

The carrying values and corresponding fair values of financial instruments as well as the manner in which fair values were determined are discussed in Note 19.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of allowance for impairment losses of receivables

The Company maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, age of balances, financial status of counterparties, and legal opinion on recoverability in case of legal disputes. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a regular basis.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease the related asset accounts.

The carrying values and the corresponding allowance for impairment losses are disclosed in Note 6.

Estimating the incremental borrowing rate
If the Company cannot readily determine the interest rate implicit in the lease, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as the Company's borrowing rates from banks).

As of December 31, 2022 and 2021, the Company's lease liability amounted to ₱1.98 million and ₱1.73 million, respectively (Note 16).

Recognition of deferred tax assets
Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income 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, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Company reviews the carrying amount of deferred tax asset at each reporting date and reduces this to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized.

As of December 31, 2022 and 2021, the Company recognized deferred tax assets amounting to ₱2.18 million and ₱0.28 million, respectively (Note 17).

Retirement and other employee benefits
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and the long-term nature of these plans, such estimates are subject to significant uncertainty. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of the statement of financial position sate. The present value of the retirement liability of the Company is disclosed in Note 15.

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand	**₱20,000**	₱20,000
Cash in banks (Note 14)	**9,142,136**	10,375,815
	₱9,162,136	₱10,395,815

Cash in banks earn interest that ranged from 0.50% to 2.00% and from 0.05% and 0.50% in 2022 and 2021, respectively. Interest income earned from cash in banks amounted to ₱0.07 million and ₱0.09 million in 2022 and 2021, respectively.

5. Short-term Investments

Short-term investments are time deposit placements in CARD Bank, Inc. (CBI) with original maturities of three (3) months to twelve (12) months and earned interest that ranged from 1.00% to 4.00% in 2022 and 2021.

The rollforward analysis of short-term investments follows:

	2022	2021
At January 1	**₱18,840,151**	₱2,333,964
Additions	**15,564,845**	16,994,496
Withdrawals	**(31,985,708)**	(4,388,309)
Reclassifications	–	3,900,000
At December 31	**₱2,419,288**	₱18,840,151

Interest income earned from short-term investments amounted to ₱0.50 million and ₱0.12 million in 2022 and in 2021, respectively.

6. Loans and Receivables

This account consists of:

	2022	2021
Accounts receivable:		
Related parties (Note 14)	**₱329,079**	₱1,593,914
Others	**316,544**	152,533
Commissions receivable		
Related parties (Note 14)	**8,665,983**	5,665,130
Interest receivable	**726**	642,826
	9,312,332	8,054,403
Allowance for doubtful accounts	**(251,148)**	(165,005)
	₱9,061,184	₱7,889,398

Accounts receivable are non-interest-bearing and are generally on 1 to 30 day terms. These mostly consist of receivables from CARD Mutual Benefit Association, Inc. (CARD MBA) regarding expenses of transferred staff, CARD Pioneer Microinsurance, Inc. (CPMI) for Microinsurance Supervisor (MIS) expenses incurred during validation, marketing and selling of CPMI products and refund of over payment of premiums.

Commissions receivable are noninterest-bearing and are generally on 1 to 30 day terms. These consist mostly of receivables from CPMI and Rimansi Mutual Solutions Insurance Agency, Inc. (RMSI) for commissions on insurance products sold (Traditional plan, CARD Care).

Interest receivable pertains mainly to interest accrued arising from cash and cash equivalents and short-term investment.

Allowance for impairment loss
The rollforward analysis of allowance for impairment losses on accounts receivable follows:

	2022	2021
At January 1	**₱165,005**	₱1,599,061
Provision	**86,143**	(1,434,056)
At December 31	**₱251,148**	₱165,005

No accounts were written off in year 2022 and 2021.

7. Other Assets

This account consists of:

	2022	2021
Financial Asset		
Security deposits	**₱1,017,564**	₱556,657
Nonfinancial Asset		
Creditable withholding taxes (CWTs)	**6,484,972**	5,228,500
Other assets	**612,276**	296,534
Prepaid expense	**153,783**	394,870
Input VAT	**116,889**	131,988
Supplies inventory	**89,507**	94,276
Advances for stock subscription	**–**	2,500,000
	7,457,427	8,646,168
	8,474,991	9,202,825
Allowance for impairment losses	**(4,553,572)**	(796,974)
	₱3,921,419	₱8,405,851

In December 2022 and 2021, the Company recognized interest income on the amortization of security deposits amounting to ₱0.02 million.

CWTs pertain to unapplied taxes withheld on income payments and are creditable against income tax due. The Company determined that the taxes withheld could be recovered in future periods.

In 2022, the Company paid the remaining stock subscription with Matapat Holdings, Inc. amounting to ₱4.20 million. Subsequently, the advances for stock subscription was reclassified to Investments in unquoted equity securities in the same year.

8. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The rollforward analysis of this account follows:

	2022	2021
Balance at January 1	**₱89,759,758**	₱61,940,354
Additions	**10,289,720**	14,952,860
Unrealized gain (loss)	**(9,362,392)**	12,866,544
	₱90,687,086	₱89,759,758

The movements in net unrealized losses on FVOCI of the Company are as follows:

	2022	2021
Balance at January 1	**(₱11,351,996)**	(₱23,059,391)
Fair value gain (loss) recognized in OCI	**(9,362,392)**	11,707,395
Balance at December 31	**(₱20,714,388)**	(₱11,351,996)

Details of unquoted equity securities follows:

	2022			2021		
	Amount	**Shares**	**Percentage of ownership**	Amount	Shares	Percentage of ownership
CARD Pioneer Microinsurance, Inc. (CPMI)	**₱41,611,466**	**182,599**	**2.92%**	₱37,413,478	182,599	2.92%
CARD Bank, Inc. (CBI)	**17,654,834**	**87,604**	**2.72%**	23,713,957	82,604	3.00%
Rizal Bank, Inc. (RBI)	**9,453,629**	**66,528**	**6.65%**	14,637,490	66,528	6.65%
CARD SME Bank, Inc. (CSME)	**9,385,097**	**85,873**	**0.67%**	3,998,503	63,238	0.42%
Matapat Holdings, Inc.	**6,459,436**	**670,002**	**4.86%**	–	–	–
CARD MRI Holdings, Inc. (CMHI)	**3,223,367**	**19,625**	**4.63%**	2,913,135	19,625	4.63%
Rimansi Mutual Solutions Insurance Agency, Inc. (RMSI)	**2,569,758**	**31,800**	**11.00%**	2,755,470	31,800	11.00%
CARD MRI Property Management, Inc. (CMPMI)	**329,499**	**329,499**	**8.67%**	4,327,725	326,237	8.68%
	₱90,687,086			₱89,759,758		

In 2021, the Company acquired preferred shares from CBI amounting to ₱5.00 million, CMRBI amounting to ₱1.00 million, and common shares from CMPMI amounting to ₱3.00 million, CPMI amounting to ₱3.07 million, CSMEB amounting to ₱2.09 million, CMHI amounting to ₱0.01 million and RMSI amounting to ₱0.09 million.

In 2022, the Company acquired additional preferred shares from CBI amounting to ₱1.00 million, and common shares from CSME amounting to ₱2.26 million. The Company also acquired common shares from Matapat Holdings, Inc. amounting to ₱6.70 million. On May 17, 2022, the Company received stock dividends from CMPMI amounting to ₱0.33 million.

Dividend income on the FVOCI amounted to ₱9.49 million and ₱8.42 million in 2022 and 2021, respectively.

9. Investment in Associates

This account consists of an investment with the following movements:

	2022	2021
Acquisition cost	**₱2,849,152**	₱2,849,152
Accumulated equity in net losses		
Balance at beginning and end of year	**(1,021,532)**	(1,021,532)
Accumulated impairment losses		
Balance at beginning of year	**(1,827,620)**	–
Current year provision for impairment loss	–	(1,827,620)
Balance at end of year	**(1,827,620)**	(1,827,620)
	₱–	₱–

As of December 31, 2022 and 2021, the Company holds significant influence over MEADA Rabrong, Plc. (MEADA) due to its representation in 18.73% of the board seats of MEADA. However, MEADA experienced operational difficulties in 2020 that led to winding-off the business. The Company assessed that the investment is already impaired and provided 100% allowance on the carrying amount of the investment. As of December 31, 2022, MEADA is still undergoing liquidation.

10. Property and Equipment

The rollforward analysis of this account follows:

	2022			
	Computer and office equipment	**Office furniture and fixture**	**Right-of-use assets** (Note 17)	**Total**
Cost				
Balance at January 1	**₱1,346,774**	**₱171,318**	**₱3,019,315**	**₱4,537,407**
Additions	**377,199**	**–**	**2,231,375**	**2,608,574**
Balance at December 31	**1,723,973**	**171,318**	**5,250,690**	**7,145,981**
Accumulated Depreciation				
Balance at January 1	**1,074,481**	**131,750**	**1,060,368**	**2,266,599**
Depreciation	**163,854**	**36,523**	**2,011,748**	**2,212,125**
Balance at December 31	**1,238,335**	**168,273**	**3,072,116**	**4,478,724**
Net Book Value	**₱485,638**	**₱3,045**	**₱2,178,574**	**₱2,667,257**

	2021				
	Computer and office equipment	Office furniture and fixture	Transportation equipment	Right-of-use assets (Note 17)	Total
Cost					
Balance at January 1	₱1,248,544	₱171,318	₱856,000	₱3,014,340	₱5,290,202
Additions	130,804	–	–	773,776	904,580
Disposal	(32,573)		(856,000)	(768,801)	(1,657,374)
Balance at December 31	1,346,774	171,318	–	3,019,315	4,537,407
Accumulated Depreciation					
Balance at January 1	989,301	95,227	855,999	867,061	2,807,588
Depreciation	117,753	36,523		962,108	1,116,384
Disposal	(32,574)		(855,999)	(768,801)	(1,657,374)
Balance at December 31	1,074,481	131,750	–	1,060,368	2,266,599
Net Book Value	₱272,293	₱39,568	₱–	₱1,958,947	₱2,270,808

The cost of fully depreciated property and equipment still in active use amounted to ₱0.99 million and ₱0.92 million as of December 31, 2022 and 2021, respectively.

11. Investment Properties

The Company's investment properties pertain to land held for capital appreciation and building intended for leasing to third parties. The rollforward analysis of this account follows:

	2022		
	Land	**Building**	**Total**
Cost			
At beginning and end of year	**₱5,075,000**	**₱3,233,000**	**₱8,308,000**

(Forward)

	2022		
	Land	**Building**	**Total**
Accumulated Depreciation			
At beginning of year	**₱–**	**₱1,643,442**	**₱1,643,442**
Depreciation	**–**	**323,300**	**323,300**
At end of year	**–**	**1,966,742**	**1,966,742**
Net Book Value	**₱5,075,000**	**₱1,266,258**	**₱6,341,258**

	2021		
	Land	Building	Total
Cost			
At beginning and end of year	₱5,075,000	₱3,233,000	₱8,308,000
Accumulated Depreciation			
At beginning of year	–	1,320,142	1,320,142
Depreciation	–	323,300	323,300
At end of year	–	1,643,442	1,643,442
Net Book Value	₱5,075,000	₱1,589,558	₱6,664,558

As at December 31, 2022 and 2021, no investment property has been pledged as collateral or security for any of the Company's liabilities.

As of December 31, 2022 and 2021, all investment properties of the Company generate income. Rental income on investment properties (included under 'Other income' in the statements of income) amounted to ₱0.28 million in 2022 and 2021.

Direct operating expenses on investment properties in 2022 and 2021 included under 'Depreciation' and in other operating expenses in the statements of income amounted to ₱0.41 million and ₱0.33 million, respectively.

12. Trade and Other Payables

This account consists of:

	2022	2021
Financial Liabilities		
Subscription payable (Note 14)	**₱4,287,500**	₱4,287,500
Accrued expenses and provisions (Note 18)	**3,116,020**	2,317,810
Trade payables to related parties (Note 14)	**1,928,354**	1,191,301
Lease liabilities - current (Note 16)	**1,545,524**	949,275
Scholarship fund	**732,882**	807,882
Other payables	**1,469,620**	1,133,175
	13,079,900	10,686,943
Nonfinancial Liabilities		
Due to government agencies	**4,876,942**	3,911,902
Unearned income (Note 14)	**25,458**	84,996
	4,902,400	3,996,898
	₱17,982,300	₱15,521,188

Subscription payable pertains to the subscribed shares of the Company to CARD MRI Holdings, Inc.

Accrued expenses consist of accruals of operating expenses and employee benefits.

Trade payables are noninterest-bearing and are normally settled on 30-day terms. These consist mostly of premiums received from assured for payout to principal insurers of Kabuklod Plan, Sagip Plan and CARD Care.

Lease liabilities are the present value of the future rental payments of the Company which qualified under PFRS 16.

Scholarship fund amounted to ₱0.73 million and ₱0.81 million as of December 31, 2022 and 2021, respectively. This is a scholarship grant to all qualified children of Microinsurance Coordinators and Microinsurance Supervisors. Scholarship fund is given to scholars quarterly at ₱3,000 each. The scholarship fund will be paid until fully utilized.

Other payables refer to payables to contract partners and micro insurance coordinators of the Company.

Due to government agencies represents output VAT, withholding taxes payable, and regulatory contributions.

Unearned income pertains to advance rental payment and commission paid to the Company.

13. **Equity**

Capital Stock

The roll forward analysis are as follows:

	2022		2021	
	Shares	**Amount**	Shares	Amount
Common Stock				
Authorized	**100,000**	**₱50,000,000**	100,000	₱50,000,000
Issued and outstanding	**100,000**	**50,000,000**	100,000	50,000,000

Retained Earnings

Cash dividends

The Company's BOD approved and ratified the declaration of cash dividends as follows:

	2022			2021	
Date of approval					
Date of declaration	**March 31**	**May 31**	**November 29**	April 30	September 30
Date of payment	**April 1**	**May 31**	**December 9**	May 17	October 5
Number of stockholders as of dividend declaration	**35**	**32**	**32**	35	35
Dividend per share	**₱250.00**	**₱200.00**	**₱300.00**	₱150.00	₱100.00
Total amount	**25,000,000**	**20,000,000**	**30,000,000**	15,000,000	10,000,000
Dividends paid	**25,000,000**	**20,000,000**	**30,000,000**	15,000,000	10,000,000

14. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or if the parties are subject to common control or common significant influence. A related party may be an individual or a corporate entity.

In the ordinary course of business, the Company has transactions with related parties. Significant transactions with related parties follow:

	2022				
Category	**Amount**	**Outstanding**	**Nature**	**Terms**	**Conditions**
Affiliates					
CPMI					
Due to affiliate		**₱484,737**	Unremitted premium for CPMI products	On-demand; noninterest-bearing	Unsecured
Beginning	**₱204,636**				
Billings	**768,581**				
Payment	**488,480**				
Due from affiliate		**247,249**	Expenses during CPMI Related Activities	On-demand; noninterest-bearing	Unsecured
Beginning	**101,112**				
Billings	**700,386**				
Collections	**554,249**				
Commissions receivable		**8,490,731**	Uncollected Commission, Traditional Insurances, CCAP & BINHI	On-demand; noninterest-bearing	Unsecured
Beginning	**5,057,947**				
Billings	**92,729,757**				
Collections	**89,296,973**				
CARD MBA					
Due to affiliate		**1,800**	Payment for expenses during CaMIA related activities and DAKILA Claim	On-demand; noninterest-bearing	Unsecured
Beginning	**370,092**				
Billings	**3,336,090**				
Payment	**3,704,382**				
Due from affiliate		**81,134**	Unremitted premium of CARD MBA employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**861,856**				
Collections	**780,722**				
CARD, Inc.					
Due to affiliate		–	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**4,398,524**				
Payment	**4,398,524**				
Due from affiliate		–	Insurance Premium of CARD Inc. Employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**2,862,015**				
Collections	**2,862,015**				
CARD Bank Inc.					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing	Unsecured
Billings	**25,670**				
Payment	**25,670**				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**1,460,832**				
Billings	**6,034,871**				
Collections	**7,495,703**				
Cash		**2,745,473**	Various transactions	On demand; interest at 0.25% to 1.50% for regular savings deposit and 3.50% for cash equivalents	
Beginning	**3,433,277**				
Deposit	**99,015,865**				
Withdrawals	**99,703,669**				
Interest Income		**41,411**	Interest earned on time deposits and savings account	On-demand; interest at 0.25% to 1.50%	Unsecured
Short term investment		**2,419,288**	Placement of funds on time deposits	On-demand; interest at 3.50% to 4%	Unsecured

(Forward)

	2022				
Category	**Amount**	**Outstanding**	**Nature**	**Terms**	**Conditions**
CARD SME					
Due to affiliate		**₱–**			
Beginning	**₱–**				
Billings	**20,075**			On-demand; noninterest-bearing	Unsecured
Payment	**20,075**				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**482,945**				
Collections	**482,945**				
Cash		**2,984,059**	Various transactions		
Beginning	**2,165,778**				
Deposit	**47,359,359**				
Withdrawal	**46,541,078**				
Interest Income		**12,370**	Interest earned on time deposits and savings account	On-demand; interest at 1.50% to 3.75%	Unsecured
CMDI					
Due to affiliate		–	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**62,185**				
Payment	**62,185**				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**227,947**				
Collections	**227,947**				
Mga Likha ni Inay (MLNI)					
Due to affiliate		–	Payment for MLNI products	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**100,795**				
Payment	**100,795**				
Due from affiliate		–	Uncollected insurance premiums of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**86,443**				
Collections	**86,443**				
Rizal Bank, Inc.					
Due to affiliate	–	–	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	–				
Payment	–				
Due from affiliate		**196**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**321,242**				
Collections	**321,046**				
RISE					
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**41,191**				
Collections	**41,191**				
CMIT					
Due to affiliate		–	Payment for services rendered	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**1,268,971**				
Payments	**1,268,971**				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**198,312**				
Collections	**198,312**				
CLFC					
Due to affiliate		**1,298**	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**1,787,697**				
Payment	**1,786,399**				

(Forward)

Category	Amount	Outstanding	Nature	Terms	Conditions
			2022		
Due from affiliate		**₱–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**₱–**				
Billings	**110,345**				
Collections	**110,345**				
BotiCARD					
Due to affiliate		**–**	Payment for BotiCARD products	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**65,179**				
Payment	**65,179**				
Due from affiliate		**–**	Insurance premium of BotiCARD employees	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**124,302**				
Collections	**124,302**				
BDSFI					
Due to affiliate		**–**	Various transactions		
Beginning	**–**				
Billings	**505,750**				
Payment	**505,750**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**102,054**				
Collections	**102,054**				
RMSI					
Due to affiliate		**–**	Unremitted premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	**9,925**				
Billings	**82,479**				
Payment	**92,404**				
Due from affiliate		**500**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**1,375**				
Billings	**141,427**				
Collections	**142,302**				
Commissions receivable		**175,251**	Uncollected premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	**607,182**				
Billings	**3,738,385**				
Collections	**4,170,316**				
CARD MRI Hijos Tours					
Due to affiliate		**9,753**	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**36,078**				
Payment	**26,325**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**110,970**				
Collections	**110,970**				
CARD MRI Publishing House					
Due to affiliate		**–**	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	**-**				
Billings	**169,475**				
Payment	**169,475**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**104,380**				
Collections	**104,380**				
EMPC					
Due to affiliate		–	Various transactions		
Beginning	–				
Billings	**3,232,745**				
Payment	**3,232,745**				

(Forward)

Category	Amount	Outstanding	Nature	Terms	Conditions
			2022		
Due from affiliate		₱–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**₱–**				
Billings	**146,362**				
Collections	**146,362**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	**171,203**		Payment for insurance premium		
Collections	**171,203**				
CARD MRI Property Management					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	–				
Billings	**45,488**				
Payment	**45,488**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Billings	**89,816**				
Collections	**89,816**				
Subscription Payable		**4,287,500**			
CARD Myanmar					
Due from affiliate		**–**	Payment for insurance premium	On-demand; noninterest-bearing	Unsecured
Billings	**101,515**				
Collections	**101,515**				
CARD MRI Holdings					
Due from affiliate		**–**	Payment for insurance premium	On-demand; noninterest-bearing	Unsecured
Billings	**74,632**				
Collections	**74,632**				
Subscription payable		**4,287,500**	Represents payable for the shares of stock	On-demand; noninterest-bearing	Unsecured
PLI/GCLI					
Due to affiliate		**1,028,122**	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	**603,396**				
Billings	**6,310,839**				
Payment	**5,886,113**				
Due from affiliate		**12,241**	Uncollected insurance premium for GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**493,866**				
Collections	**481,625**				
PLI					
Due to affiliate		**402,644**	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	**–**				
Billings	**521,677**				
Payment	**119,033**				
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	**30,595**				
Billings	**13,093**				
Collections	**43,688**				
CARD Astro Laboratories					
Due from affiliate		**–**	Uncollected insurance premium of employees	On-demand; non-interest bearing	Unsecured
Beginning	–				
Billings	**85,235**				
Collection	**85,235**				
Due to affiliate		**–**	Payments for services rendered	On-demand; non-interest bearing	Unsecured
Billings	**19,153**				
Payments	**19,153**				
CARD Microfinance Inc.					
Due from affiliate		**–**	Payment for Insurance Premium	On-demand; non-interest bearing	Unsecured
Billings	**72,347**				
Payments	**72,347**				

(Forward)

	2021				
Category	Amount	Outstanding	Nature	Terms	Conditions
Affiliates					
CPMI					
Due to affiliate		₱204,636	Unremitted premium for CPMI products	On-demand; noninterest-bearing	Unsecured
Beginning	₱5,919				
Billings	1,120,449				
Payment	921,732				
Due from affiliate		101,112	Expenses during CPMI Related Activities	On-demand; noninterest-bearing	Unsecured
Beginning	81,246				
Billings	343,774				
Collections	323,908				
Commissions receivable		5,057,947	Uncollected Commission, Traditional Insurances, CCAP & BINHI	On-demand; noninterest-bearing	Unsecured
Beginning	12,901,471				
Billings	81,453,449				
Collections	89,296,973				
Unearned commission		16,479			
CARD MBA, Inc.					
Due to affiliate		370,092	Payment for expenses during CaMIA related activities and DAKILA Claim	On-demand; noninterest-bearing	Unsecured
Beginning	81,942				
Billings	4,177,999				
Payment	3,889,849				
Due from affiliate		–	Unremitted premium of CARD MBA employees	On-demand; noninterest-bearing	Unsecured
Beginning	4,150				
Billings	753,008				
Collections	757,158				
CARD, Inc.					
Due to affiliate		–	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	214,853				
Billings	9,631,925				
Payment	9,846,778				
Due from affiliate		–	Insurance Premium of CARD Inc. Employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	3,227,073				
Collections	3,227,073				
CARD Bank Inc.					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing	Unsecured
Billings	2,046,848				
Payment	2,046,848				
Due from affiliate		1,460,832	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Billings	6,074,160				
Collections	4,613,328				
Cash		3,433,277	Various transactions	On demand; interest at 0.25% to 1.50% for regular savings deposit and 3.50% for cash equivalents	
Beginning	2,811,070				
Deposit	84,703,707				
Withdrawals	84,081,500				
Interest Income		62,691	Interest earned on time deposits and savings account	On-demand; interest at 0.25% to 1.50%	Unsecured
Short term investment		9,338,884	Placement of funds on time deposits	On-demand; interest at 3.50% to 4%	Unsecured
CARD SME Bank, Inc.					
Due to affiliate		–			
Beginning	–				
Billings	1,787,030			On-demand; noninterest-bearing	Unsecured
Payment	1,787,030				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	2,864,621				
Collections	2,864,621				

(Forward)

	2021				
Category	**Amount**	**Outstanding**	**Nature**	**Terms**	**Conditions**
Cash		₱2,165,778	Various transactions		
Beginning	₱1,883,449				
Deposit	28,273,777				
Withdrawal	27,991,448				
Interest Income		9,990	Interest earned on time deposits and savings account	On-demand; interest at 1.50% to 3.75%	Unsecured
Short term investment		9,509,990	Placement of funds on time deposits	On-demand; interest at 1.00% to 1.50%	Unsecured
CMDI					
Due to affiliate		–	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	60,850				
Payment	60,850				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	212,159				
Collections	212,159				
Mga Likha ni Inay (MLNI)					
Due to affiliate		–	Payment for MLNI products	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	293,904				
Payment	293,904				
Due from affiliate		–	Uncollected insurance premiums of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	90,976				
Collections	90,976				
Rizal Bank, Inc.					
Due to affiliate		–	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	1,005,456				
Payment	1,005,456				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	1,908,911				
Collections	1,908,911				
RISE					
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	138,311				
Collections	138,311				
CMIT					
Due to affiliate		–	Payment for services rendered	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	3,061,275				
Payments	3,061,275				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	177,008				
Collections	177,008				
CLFC					
Due to affiliate		–	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	24,445				
Billings	2,850,218				
Payment	2,874,663				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	118,270				
Collections	118,270				

(Forward)

	2021				
Category	**Amount**	**Outstanding**	**Nature**	**Terms**	**Conditions**
BotiCARD					
Due to affiliate		₱–	Payment for BotiCARD products	On-demand; noninterest-bearing	Unsecured
Beginning	₱–				
Billings	225,691				
Payment	225,691				
Due from affiliate		–	Insurance premium of BotiCARD employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	128,527				
Collections	128,527				
BDSFI					
Due to affiliate		–	Various transactions		
Beginning	–				
Billings	505,750				
Payment	505,750				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	103,652				
Collections	103,652				
RMSI					
Due to affiliate		9,925	Unremitted premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	164,835				
Billings	268,510				
Payment	423,420				
Due from affiliate		1,375	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	2,296				
Billings	140,721				
Collections	141,642				
Commissions receivable		607,181	Uncollected premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	382,442				
Billings	3,386,853				
Collections	3,162,114				
CARD MRI Hijos Tours					
Due to affiliate		–	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	22,802				
Payment	22,802				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	94,797				
Collections	94,797				
CARD MRI Publishing House					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	–				
Billings	475,950				
Payment	475,950				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	118,446				
Collections	118,446				
EMPC					
Due to affiliate		–	Various transactions		
Beginning	4,710				
Billings	3,190,941				
Payment	3,195,651				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	170,849				
Collections	170,849				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	85,832				
Collections	85,832				

(Forward)

Category	Amount	Outstanding	Nature	Terms	Conditions
		2021			
CARD MRI Property Management					
Due to affiliate		₱3,251	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	₱–				
Billings	2,725,736				
Payment	2,722,485				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Billings	90,688				
Collections	90,688				
Subscription Payable		4,287,500			
CARD MRI Holdings					
Due from affiliate		–	Payment for insurance premium	On-demand; noninterest-bearing	Unsecured
Billings	90,688				
Collections	90,688				
Subscription payable		4,287,500	Represents payable for the shares of stock	On-demand; noninterest-bearing	Unsecured
PLI/GCLI					
Due to affiliate		603,395	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	282,126				
Billings	5,879,095				
Payment	5,557,826				
PLI					
Due to affiliate		–	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	14,365,880				
Billings	–				
Collections	14,365,880				
Due from affiliate		30,595	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	7,776				
Billings	45,304				
Collection	22,485				
ASENSO					
Due from affiliate		–	Return of subscription of common share	On-demand; noninterest-bearing	Unsecured
Beginning	2,805,660				
Billings	–				
Collection	2,805,660				
CARD Astro Laboratories					
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; non-interest bearing	Unsecured
Beginning	–				
Billings	196,969				
Collection	196,969				
Due to affiliate		–	Payments for services rendered	On-demand; non-interest bearing	Unsecured
Billings	7,143				
Payments	7,143				
CARD Microfinance Inc.					
Due from affiliate		–	Payment for insurance premium	On-demand; non-interest bearing	Unsecured
Billings	74,496				
Payments	74,496				

In 2022 and 2021, short-term employee benefit compensation to the Company’s key management personnel amounted to ₱5.20 million and ₱3.64 million, respectively. Post-employment benefits compensation to key management personnel amounted to ₱7.04 million and ₱6.15 million in 2022 and 2021, respectively.

There are no agreements between the Company and any of its directors and key officers involving share-based payments or providing benefits upon termination of employment, except for such benefits to which they may be entitled under the Company’s pension plans.

The above outstanding balances as of December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Cash in bank (Note 4)	**₱5,729,532**	₱5,599,055
Commission receivable (Note 6)	**8,665,982**	5,665,130
Short-term investments (Note 5)	**2,419,288**	18,840,151
Subscription payable (Note 12)	**4,287,500**	4,287,500
Due to related parties (Note 12)	**1,928,354**	1,191,301
Due from related parties (Note 6)	**329,079**	1,593,914
Unearned commission (Note 12)	**–**	16,479

15. **Retirement Plan**

The Company, CARD Bank, CARD Inc., CARD SME Bank, CARD MBA, CARD BDSFI, CMIT, BotiCARD, CMDI, MLNI, CARD MRI RBI, CLFC, RISE, CMPMI, CMHTI, CMPuH and CARD EMPC maintain a funded and formal noncontributory defined benefit retirement plan - the CARD MRI Multi-Employer Retirement Plan (MERP) - covering all of their regular employees and CARD Group Employees' Retirement Plan (Hybrid Plan) applicable to employees hired on or after July 1, 2016. MERP is valued using the projected unit cost method and is financed solely by the CMIT and its related parties.

MERP and the Hybrid Plan comply with the requirements of RA No. 7641 (Retirement Law). MERP provides lump sum benefits equivalent to up to 120% of final salary for every year of credited service, a fraction of at least six months being considered as one whole year, upon retirement, death, total and permanent disability, or voluntary separation after completion of at least one year of service with the participating companies.

The Hybrid Plan provides a retirement benefit equal to 100% of the member's employer accumulated value (the Parent Company's contributions of 8% plan salary to Fund A plus credited earnings) and 100% of the member's employee accumulated value (member's own contributions up to 10% of plan salary to Fund B plus credited earnings), if any. Provided that in no case shall 100% of the employer accumulated value in Fund A be less than 100% of plan salary for every year of credited service.

Total retirement expense in 2022 and 2021 related to the Hybrid Plan amounted to ₱0.92 million and ₱0.49 million, respectively.

Changes in net defined benefit liability of funded funds are as follows:

	2022													
		Net benefit costs recognized in the statement of income					**Remeasurements in other comprehensive income**							
	January 1, 2022	**Current service cost**	**Net interest**	**Sub Total**	**Benefits Paid**	**Transfer to (from) the Plan**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Actuarial changes arising from experience**	**Changes in the effect of limiting net defined benefit asset to the asset ceiling**	**Subtotal**	**Contribution by employer**	**December 31, 2022**
Fair value of plan assets	**₱12,188,825**	**₱–**	**₱602,862**	**₱602,862**	**₱–**	**(₱795,814)**	**(₱9,440)**	**₱–**	**₱–**	**₱–**	**₱–**	**(₱9,440)**	**₱199,712**	**₱12,186,145**
Present value of defined benefit obligation	**(9,956,425)**	**(587,013)**	**(504,791)**	**(1,091,804)**	**–**	**795,814**	**–**	**48,079**	**2,661,685**	**(4,319,086)**	**–**	**(1,609,322)**	**–**	**(11,861,737)**
Effect of asset ceiling	**(244,147)**	**–**	**(12,378)**	**(12,378)**	**–**	**–**	**–**	**–**	**–**	**–**	**234,708**	**234,708**	**–**	**(21,817)**
Net defined benefit asset (liability)	**₱1,988,253**	**(₱587,013)**	**₱85,693**	**(₱501,320)**	**₱–**	**₱–**	**(₱9,440)**	**₱48,079**	**₱2,661,685**	**(₱4,319,086)**	**₱234,708**	**(₱1,384,054)**	**₱199,712**	**₱302,591**

	2021													
		Net benefit costs recognized in the statement of income					Remeasurements in other comprehensive income							
	January 1, 2021	Current service cost	Net interest	Sub Total	Benefits Paid	Transfer to/ (from) the Plan	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Actuarial changes arising from experience	Changes in the effect of limiting net defined benefit asset to the asset ceiling	Subtotal	Contribution by employer	December 31, 2021
Fair value of plan assets	₱11,919,281	₱–	₱444,897	₱444,897	(₱419,170	₱18,888	₱61,253	₱–	₱–	₱–	₱–	₱61,253	₱163,676	₱12,188,825
Present value of defined benefit obligation	(9,147,302)	(582,599)	(344,853)	(927,452)	419.170	(18,888)	–	25,365	(682,571)	375,253	–	(281,953)	–	(9,956,425)
Effect of asset ceiling	(273,039)	–	(10,294)	(10,294)	–	–	–	–	–	–	39,186	39,186	–	(244,147)
Net defined benefit asset (liability)	₱2,498,940	(₱582,599)	₱89,750	(₱492,849)	₱–	₱–	₱61,253	₱25,365	(₱682,571)	₱375,253	₱39,186	(₱181,514)	₱163,676	₱1,988,253

The rollforward analysis of remeasurement loss on defined benefit plan follows:

	2022	2021
At January 1	**(₱1,888,655)**	(₱1,635,685)
Remeasurement loss on defined benefit plan	**(1,384,054)**	(181,514)
Tax effect (Note 17)	**346,013**	(71,456)
At December 31	**(₱2,926,696)**	(₱1,888,655)

The principal actuarial assumptions used in determining retirement liability for the Company's retirement plan are shown below:

	2022	2021
Discount rate	**7.21%**	5.07%
Salary increase rate	**5.00%**	5.00%
Average remaining working life	**25.50**	27.00

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2022	
	Increase (decrease)	**Effect on defined pension plan**
Discount rate	**+100 basis points**	**(₱991,516)**
	-100 basis points	**1,140,753**
Salary rate	**+100 basis points**	**1,154,743**
	-100 basis points	**(1,020,020)**

	December 31, 2021	
	Increase (decrease)	Effect on defined pension plan
Discount rate	+100 basis points	(₱934,811)
	-100 basis points	1,019,266
Salary rate	+100 basis points	1,080,919
	-100 basis points	(934,716)

The fair value of net plan assets by each class is as follows:

	2022	2021
Cash and cash equivalents	**₱1,997,309**	₱4,965,727
Debt instruments in government bonds	**8,365,789**	5,235,100
Debt instruments in other bonds	**633,680**	680,136
Loans receivable	**1,022,418**	1,031,175
Others	**166,950**	276,686
	₱12,186,145	₱12,188,824

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. The Company expects to contribute ₱0.15 million to the defined pension plan in 2023.

Shown below is the maturity analysis of undiscounted benefit payments:

	2022	2021
Less than one year	**₱858,212**	₱586,977
More than one year to five years	**3,848,210**	2,628,017
More than five years to ten years	**9,048,246**	7,193,899

The average duration of the defined benefit obligation at the end of the reporting period is 9.0 years.

16. **Leases**

The Company leases vehicles and office spaces. The lease contracts are for the periods ranging from one (1) to three (3) years and are renewable upon mutual agreement between the Company and the lessors such as CARD Leasing and Finance Corporation, CARD Mutual Benefit Association, Inc. and third-party lessors.

Rent expense amounted to ₱0.36 million and ₱1.72 million in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, the Company has no contingent rent payable.

Lease liabilities are presented under 'Trade and other payables'. Following are its movements:

	2022	2021
Balance at beginning of year	**₱1,730,225**	₱1,888,596
Additions	**1,979,999**	762,271
Interest expense	**132,587**	102,030
Payments	**(1,864,054)**	(1,022,672)
	1,978,757	1,730,225
Less: current portion	**1,545,524**	949,275
Noncurrent portion	**₱433,233**	₱780,950

The following are the amounts recognized in the statements of income:

	2022	2021
Depreciation expense of ROU assets included in property and equipment (Note 10)	**₱2,011,748**	₱962,108
Lease payments relating to short-term leases and leases with low value assets	**246,929**	1,719,782
Interest expense on lease liabilities	**132,587**	102,030
Total amount recognized in statement of income	**₱2,391,264**	₱2,783,920

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within one year	**₱1,629,149**	₱1,022,673
Beyond one year	**444,673**	829,643
	₱2,073,822	₱1,852,316

17. **Income Tax**

The Company's provision for income tax consists of:

	2022	2021
Current	**₱18,829,131**	₱13,831,351
Deferred	**(1,549,069)**	(517,593)
Final	**242,660**	49,130
	₱17,522,722	₱13,362,888

Income tax payable as of December 31, 2022 and 2021 is nil.

The Company's net deferred taxes relate to the tax effects of the following:

	2022	2021
Deferred tax assets recognized in profit or loss		
Allowance for impairment loss	**₱1,658,085**	₱41,251
Unamortized past service cost	**538,725**	674,664
Right-of-use asset, net of lease liability	**49,954**	57,181
	2,246,764	773,096
Deferred tax liabilities recognized in profit or loss:		
Pension asset	**(1,051,213)**	(1,126,615)
	(1,195,551)	(353,519)
Net deferred tax asset recognized in OCI		
Remeasurement loss on net pension liability	**975,565**	629,552
	₱2,171,116	₱276,033

The reconciliation of income tax at statutory income tax rate to effective income tax follows:

	2022	2021
Statutory income tax	**₱20,159,164**	₱17,814,164
Add (deduct) tax effects of:		
Nontaxable income	**(2,371,614)**	(2,104,883)
Interest income already subjected to final tax	**(142,813)**	(92,798)
Nondeductible expense	**536,299**	266,034
Other nontaxable (deductible) income	**(642,581)**	(570,423)
CREATE adjustment	–	(1,949,206)
Provision for income tax	**₱17,522,722**	₱13,362,888

18. Commitments and Contingent Liabilities

There were no commitments, guarantees and contingent liabilities that arose in the normal course of the Company's operations which are not reflected in the Company's financial statements. As of December 31, 2022 and 2021, management is of the opinion that losses, if any, from these commitments, guarantees and contingent liabilities will not have a material effect on the Company's financial statements.

19. Capital and Financial Risk Management Objectives and Policies

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Governance Framework

The Company manages the risks through its governance framework. The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Company's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

Credit Risk

The Company manages its credit risk by constantly monitoring its credit exposure to counterparties.

Maximum exposure to credit risk

The maximum exposure of the Company's financial instruments is equivalent to the carrying values as reflected in the statements of financial position and related notes. The Company holds no collateral and other credit enhancements against its credit risk exposure as at December 31, 2022 and 2021.

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company's financial assets are concentrated to financial intermediaries.

Credit quality per class of financial assets

The Company's financial instruments are with reputable financial institutions and related parties and are deemed to be standard grade. Standard grade is rated on entities that meet performance expectation, unlikely to be affected by external factors and have competent management that uses current business models.

As at December 31, 2022 and 2021, the Company's past due and impaired receivables amounted to nil.

Liquidity Risk
Liquidity risk is the risk arising from potential inability to meet obligations when they become due at a reasonable cost and timely manner. The Company manages liquidity risk by assessing the gap for additional funding and determining the best source and cost of funds on a monthly basis. To ensure sufficient liquidity, the Company sets aside funds to pay currently maturing obligations which are placed in credible banks. Monitoring of daily cash position is being done to guide the management in making sure that sufficient liquidity is maintained. The Treasury Committee of CARD MRI reviews monthly the liquidity position of the Company.

The tables below summarize the maturity profile of the financial instruments of the Company based on contractual undiscounted cash flow as at December 31, 2022 and 2021:

	2022					
	On demand	**Due within 1 month**	**1 to 3 months**	**3 to 12 months**	**Beyond 1 year**	**Total**
Financial Assets*						
Cash and cash equivalents**	**₱9,162,136**	**₱–**	**₱–**	**₱–**	**₱–**	**₱9,162,136**
Short-term investments	**–**	**2,420,014**	**–**	**–**	**–**	**2,420,014**
Loans and receivables	**9,312,332**	**–**	**–**	**–**	**–**	**9,312,332**
Security deposits***	**–**	**–**	**–**	**–**	**1,017,564**	**1,017,564**
Financial assets at FVOCI	**–**	**–**	**–**	**–**	**90,687,086**	**90,687,086**
Total financial assets	**₱18,474,468**	**₱2,420,014**	**₱–**	**₱–**	**₱91,704,650**	**₱112,599,132**
Financial Liabilities						
Trade and other payables	**₱8,418,355**	**₱–**	**₱–**	**₱–**	**₱–**	**₱8,418,355**
Net undiscounted cash flows	**₱10,056,113**	**₱2,420,014**	**₱–**	**₱–**	**₱91,704,650**	**₱104,180,777**

**Amounts includes accrued interests*
***Excludes cash on hand*
****Included in 'Other assets'*

	2021					
	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	Total
Financial Assets*						
Cash and cash equivalents**	₱10,375,815	₱–	₱–	₱–	₱–	₱10,375,815
Short-term investments	–	3,033,552	6,051,241	10,403,121	–	19,487,914
Loans and receivables	8,054,403	–	–	–	–	8,054,403
Security deposits***	556,657	–	–	–	–	556,657
Financial assets at FVOCI	–	–	–	–	89,759,758	89,759,758
Total financial assets	₱18,986,875	₱3,033,552	₱6,051,241	₱10,403,121	₱89,759,758	₱128,234,547
Financial Liabilities						
Trade and other payables	₱7,436,337	₱–	₱–	₱–	₱–	₱7,436,337
Net undiscounted cash flows	₱11,550,538	₱3,033,552	₱6,051,241	₱10,403,121	₱89,759,758	₱120,798,210

**Amounts includes accrued interests*
***Excludes cash on hand*
****Included in 'Other assets'*

The undiscounted contractual cash flows of the Company's lease liabilities are presented in Note 16.

Market Risk
Market risk is the risk of loss of future earnings, of fair value or future cash flows of a financial instrument will fluctuate due to changes in market variables such as interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes.

Aside from the discussion below, the Company has no significant exposure to market risk as at December 31, 2022 and 2021.

Fair Value of Financial Instruments
Due to the short-term nature of cash and cash equivalents, accounts receivable, commissions and trade payables, accrued expenses and other payables, their fair values approximate the carrying values as of the reporting date.

Cash - due to the short-term nature of the account, the fair value of cash approximate the carrying amounts in the statements of financial position.

Due to related parties - due to the short-term nature of the account, carrying amounts approximate their fair values.

Accounts and other payables - fair values of accounts and other payables approximate their carrying amounts in the statement of financial position due to the short-term nature of the transactions.

The main purpose of the Company's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Fair Value Hierarchy
The Company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which uses inputs which have a significant effect on the recorded fair value that are not based on observable market data

Fair values of the Company's investment properties have been determined based on valuations performed by independent external appraisers based on the recent sales of similar properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time the valuations were made and comparability of similar properties sold with the property being valued. The fair value of investment properties is based on its highest and best use, which is their current use.

The following table shows the fair value hierarchy of the Company's financial assets at fair value through OCI and investment properties.

	2022			
	Quoted Price in Active Markets	**Significant Observable Inputs**	**Significant Unobservable Inputs**	**Total**
Asset measured at fair value				
Financial assets at FVOCI	**₱–**	**₱–**	**₱90,687,086**	**₱90,687,086**
Asset for which fair value is disclosed				
Investment properties	**–**	**–**	**9,512,000**	**9,512,000**
	₱–	**₱–**	**₱100,199,086**	**₱100,199,086**

	2021			
	Quoted Price in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total
Asset measured at fair value				
Financial assets at FVOCI	₱–	₱–	₱89,759,758	₱89,759,758
Asset for which fair value is disclosed				
Investment properties	–	–	9,512,000	9,512,000
	₱–	₱–	₱99,271,758	₱99,271,758

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions
The Company determines the fair value of its FVOCI financial assets using the capital asset pricing model. This method is based on inputs other than quoted prices that are observable for the asset such as equity value derived from expected return from investments.

The assumptions above were used in the "Base Case" projections. These assumptions were individually changed (while holding other assumptions steady as in the Base Case) and the resulting valuations derived, to show sensitivity of the valuation to various changes in assumptions.

Significant Unobservable Input	Movement in basis points	Increase (decrease) in fair value 2022
Equity value	**+500 basis points**	**₱4,534,354**
	-500 basis points	**(₱4,534,354)**

Significant Unobservable Input	Movement in basis points	Increase (decrease) in fair value 2021
Equity value	+500 basis points	₱4,487,988
	-500 basis points	(₱4,487,988)

20. Agency Agreement

The Company has agreements with various insurance companies to: (1) be the exclusive distributor of Sagip Plan, Kabuklod Plan and CARD Care; (2) collect all premiums due on all insurance directly solicited by and/or credited to the Company; and (3) remit premiums, taxes and charges collected for a policy issued by Insurance Company. Under the terms of these agreements, the Company is entitled to remuneration equal to a percentage of the premiums written, net of taxes. Expenses incurred in connection with its brokerage services are for the Company's account.

Commission income derived from brokerage services amounted to ₱115.04 million and ₱93.63 million in 2022 and 2021, respectively.

21. Notes to Statements of Cash Flows

The Company's noncash activity pertains to additions to ROU assets amounting to ₱2.67 million and ₱0.76 million as of December 31, 2022 and 2021, respectively.

22. **Approval of the Financial Statements**

The accompanying financial statements were authorized for issue by the Company's BOD on April 24, 2023.

23. **Supplementary Information Required Under Revenue Regulations 15-2010**

The Company reported and/or paid the following types of taxes in 2022:

a. Value added tax (VAT)

Input VAT	
At January 1	₱131,987
Additional	1,300,476
Utilized	(1,315,574)
At December 31	₱116,889

During the year, the Company declared Output VAT amounting to ₱13.69 million arising from the commission income received during the year.

b. Information on the Company's importations
The Company does not undertake importation activities.

c. Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses, and permit fees lodged under the caption 'Taxes and Licenses' under the 'Expenses' section in the Company's statement of comprehensive income.

Local	
Business permits	₱50,947
Documentary stamp tax	9,136
LTO Registration	17,434
Others	13,128
	90,645
National	
BIR Registration fee	500
	₱91,145

d. Withholding Taxes
Details of withholding taxes follow:

	Total Remittances	Amount Outstanding
Withholding tax on compensation and benefits	₱510,606	₱113,588
Expanded withholding taxes	3,024,164	25,729
	₱3,534,770	₱139,317

Tax Assessments and Cases

The Company received a letter of authority from BIR for taxable year ended December 31, 2020, to examine their books of accounts of accounts and other accounting records for all internal revenue taxes. In 2022, Company has provided all the required documents.

As at December 31, 2022, the Company has no deficiency tax assessments and has not been involved in any tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the Bureau of Internal Revenue.