

COMPETENCE
FAMILY SPIRIT
INTEGRITY
SIMPLICITY
HUMILITY
EXCELLENCE
STEWARDSHIP

1 NO POVERTY

2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

5 GENDER EQUALITY

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16 PEACE, JUSTICE AND STRONG INSTITUTIONS

BALANCING HEARTS AND MINDS:
Deepening CARD MRI's Client-Centric Approaches

CaMIA

Integrated Annual Report 2023



About the COVER



In its 37 years of existence, CARD MRI's commitment to empowering the socio-economically challenged and marginalized sectors in the Philippines never faltered.

Our theme, "Balancing the Hearts and Minds: Deepening CARD MRI's Client-Centric Approaches", reflects our service-focused strategies to foster sustainability in everything we do, from our products and services to our programs and initiatives. This commitment ensures that CARD MRI provides lifelong assistance to every individual so that they can take hold of their own destinies.

In every decision we make, we always consider this crucial aspect: the harmony of our emotions and intellect. It guides us in creating rightful decisions not only for the organization but also for the welfare of the communities we serve.

In the shape of heart, we prioritize enhancing the client's service experience through our offerings derived from the voices and the meaningful connections we created with our community. In the image of mind, we are guided by our core values in making conscious decisions that promote a culture of client empowerment.

The image represented by the shape of a woman with a heart and brain pictures the relationship between empathy and strategic thinking. CARD MRI positions its efforts with sustainable development goals.

CARD MRI will continue to listen and understand the voices of its community and deliver tailor-fit programs that will open boundless possibilities.

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THE CARD MRI ORGANIGRAM



CaMIA CARD MRI Insurance Agency

CARD MRI Insurance Agency (CaMIA), Inc., established in 2007, is the microinsurance agency of CARD Mutually Reinforcing Institutions (CARD MRI). CaMIA specializes in providing clients with a diverse range of life and non-life microinsurance products that are tailored to their needs.

The institution was born out of the desire of CARD MRI to serve and help the vulnerable sectors that were affected by the disasters brought by calamities.

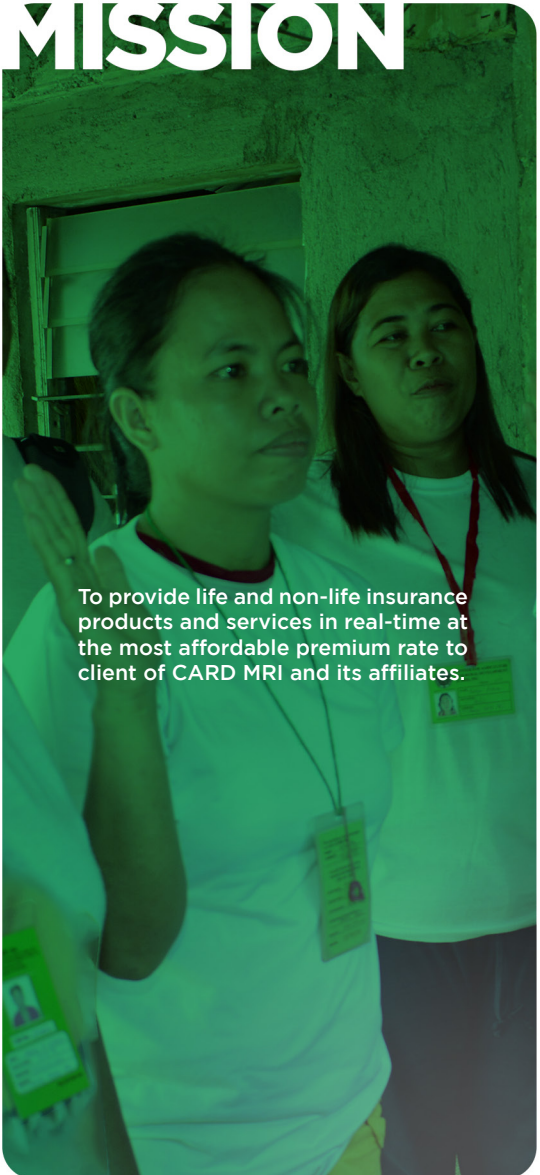
CaMIA works closely with their Microinsurance Agents (MIA) and Microinsurance Supervisors (MIS), who are also clients and members of the CARD MRI network to ensure that more communities will better understand the importance of microinsurance, especially during unforeseen events.

VISION



To become top-of-mind insurance agency of Micro-insurance products and services.

MISSION



To provide life and non-life insurance products and services in real-time at the most affordable premium rate to client of CARD MRI and its affiliates.

COMPETENCE

Believing that excellent products and services for its clients come out of competence, CaMIA keeps raising the work knowledge, skills, and values of its staff through continuing formal and informal training and education. CaMIA has truly become a learning organization that instills the values of integrity, honesty, transparency, discipline, hard work, and excellence in an atmosphere of mutual respect.

FAMILY SPIRIT

CaMIA builds and nurtures family spirit for a lasting relationship with its employees and clients. More than showing care and endearment and sharing learning experiences, the staff of CaMIA commits personally to the social and economic development of its clients and their families even if it entails making sacrifices, such as dedicating their time and being apart from their own families.

INTEGRITY

The strength and sustainability of our business in eradicating poverty rest on honest, trustworthy, ethical, and sincere operations and all of its undertakings. Hence, CaMIA leaders continuously motivate their staff to be honest and fair in all their dealings by showing themselves as models of honesty and worthy of trust.

At CaMIA, everyone is responsible and accountable for the performance of its institutions, officers, and individual staff.

SIMPLICITY

CaMIA has chosen to serve the marginalized sector of society, which is characterized by deprivations in nearly all social and economic factors. Excesses in words and deeds insult and isolate our clients. Hence, CaMIA staff is expected to show simplicity to everyone, any time and anywhere.

Through simplicity, it enables CaMIA staff to deeply and clearly understand our goals and strategies for empowering people.

OUR CORE VALUES

In fulfilling our mission of eradicating poverty in the Philippines, CaMIA shall be guided by the highest standards of ethical behavior and the core values of competence, family spirit, integrity, simplicity, humility, excellence, and stewardship.

HUMILITY

An act of true humility is when a CaMIA staff considers everyone as co-equal and ignores social and economic status in favor of the noble mission of improving the lives of those who have less in life. Humility is being one with clients in spirit and aware of their needs. CaMIA staff are also encouraged to celebrate the accomplishments and successes of the association at heart and not boast them publicly.

EXCELLENCE

The success of CaMIA is rooted in the ability of its leaders and staff to continuously create, innovate, and challenge the existing paradigm to ultimately assist the socially and economically challenged families improve their lives. Its continuing effort to be better than its best is captured in its motto "Up to the next level."

STEWARDSHIP

One important way to achieve sustainability is effective management and judicious use of resources. Resources fuel the organization and hence must be handled with utmost care. Moreover, most of these resources are entrusted to us by clients, staff, and other stakeholders. CaMIA should continue to uphold the highest standards of stewardship of financial, human, and institutional resources.

BUSINESS MODEL & VALUE CREATION

OUR CAPITALS

Our capital allows us to widen our operations while strengthening our ability to serve our clients, employees, government, and regulators, and the general public to contribute to sustainable development.

FINANCIAL

Our assets and capital continue to grow as we expand the number of insured individuals and their families across the country by providing life and non-life insurance products to them.

- **PHP 256,764,568.60** in total assets
- **PHP 233,543,629.80** in total capital

MANUFACTURED & INTELLECTUAL

Infrastructures and systems are constantly being developed to extend our community's reach.

- **1** Physical Office
- **1** Digital Platform

HUMAN

Our highly skilled and competent staff with excellent passion and dedication are exposed to a variety of workshops and training, both locally and internationally.

- **33** employees (**52%** women, **48%** men)
(9% Generation X, 73% Millennial, 18% Generation Z)
- **84** Microinsurance Supervisors
- **1,580** Microinsurance Coordinator
- **PHP1,290,439.67** was spent on local and international training of employees.
2 trainings per staff
8-16 hours of training per staff

SOCIAL & RELATIONSHIP

Our clients and partners trust us to be committed to our mission to help vulnerable families by providing microinsurance products.

- **16** years of providing microinsurance products to clients and their families.
- **4** insurance company partners

NATURAL

Through different strategies such as paperless transactions and water conservation, we reduce waste and conserve our natural resources keeping the environment clean and healthy.

- **1312.48 kWh** electricity consumption
- **16.68 kWh** saved electricity usage
- **30** reams of bond paper saved

THE VALUE WE CREATE



F MI H SR N

EMPLOYEES **MI H SR**

We empower our employees by providing a positive and thriving workplace that fosters creativity, learning, and development.

PHP 1,290,439.67 total budget paid to employees for trainings and seminars
PHP 9,388,593.30 total budget paid to employees as salaries

GOVERNMENT AND REGULATORS **F SR**

We contribute to economic growth through the facilitation of government remittances, and payment of taxes, as well as compliance to regulators.

PHP 1,807,759.78 total amount of government remittances
PHP 28,345,510.00 total amount of paid taxes

CLIENTS AND COMMUNITIES **F MI SR N**

We serve our clients and communities by providing microinsurance products that will serve as a long-term safety net for them.

2,868,499 insurance products sold to clients

HOW WE CREATE VALUE



BUSINESS OPERATION



STRATEGIES

CLIENT-CENTRIC INITIATIVES

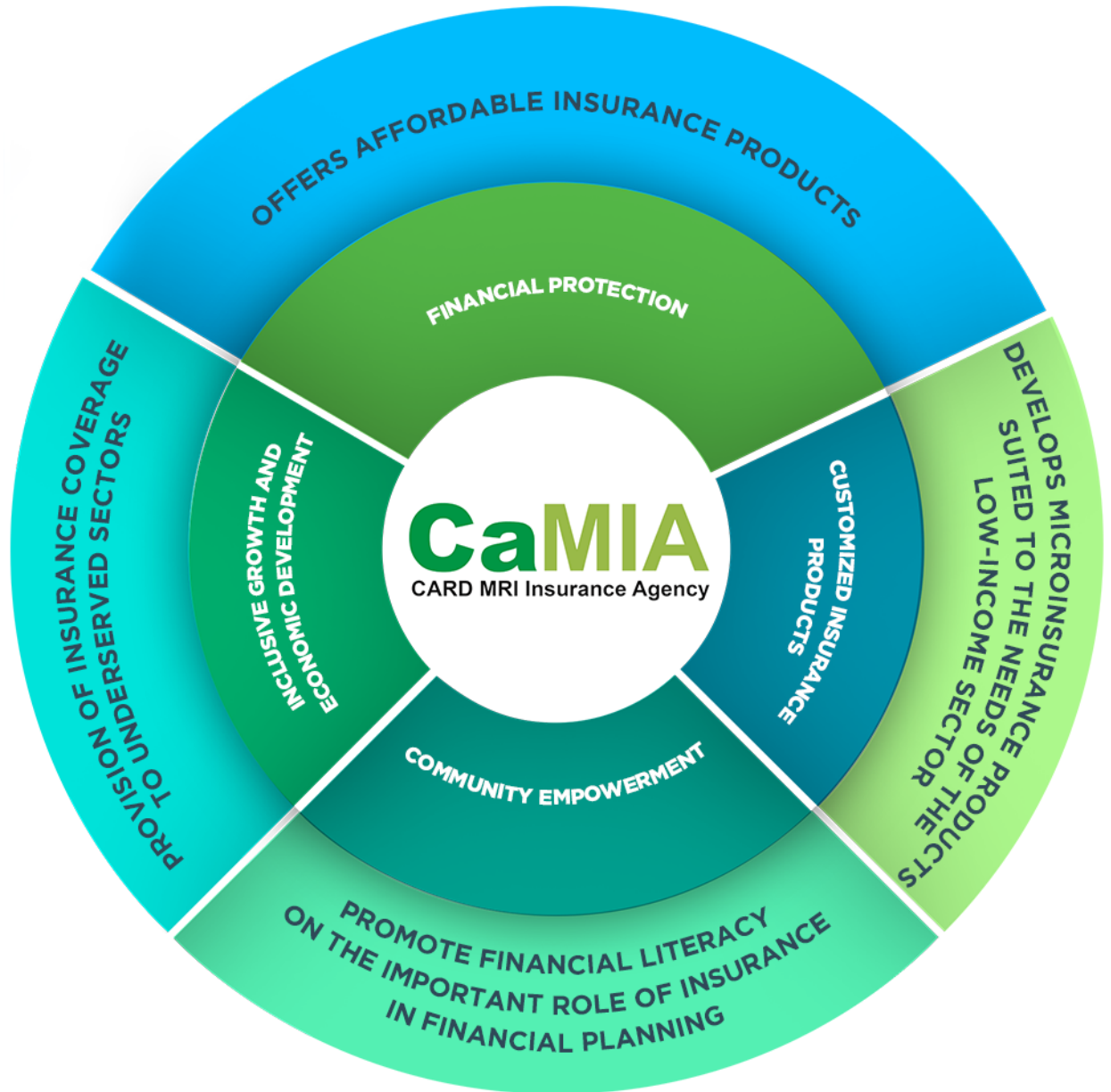
SUSTAINABILITY STRATEGY

INCLUSIVE INSURANCE

In connection with SDGs, we ensure that the social impact of our decisions is considered. We promote ethical and sustainable microinsurance products and services to combat global challenges such as poverty.

RESPONSIBLE OPERATIONS

We provide clients with affordable life and non-life microinsurance products tailored fit to their needs.



Message from the

CARD MRI FOUNDER & CHAIRMAN EMERITUS

Harmonizing Heart and Minds in Shaping a Brighter Tomorrow

In the middle of the seemingly endless journey through the pandemic, the year 2023 signals the rebirth of new possibilities and opportunities for both CARD MRI and the communities we serve.

As we emerge from the darkness of the pandemic's grip and navigate uncharted territories, we are reminded of the resilience that binds us together. Despite the challenges of communication barriers with our clients across the Philippines, we have remained steadfast in our commitment to advocating connections and sharing stories of hope and inspiration.

Our digital channels have been vital lifelines that bridge the gap and keep our relationships with over 9 million clients nationwide vibrant and alive. Our efforts symbolize our unwavering dedication to never leaving anyone behind in adversity.

As we bid farewell to this unimaginable chapter of distress caused by the pandemic, we are embracing the return to physical interactions with our clients and communities. Beyond mere words, it is the genuine care and compassion that define our organization's spirit and principles that compel us to reach out and connect on a deeper level with them.

Through the revival of traditional practices like weekly center meetings and in-person visits and transactions, we are gaining invaluable insights into the needs and aspirations of those we serve. In 2023, we reinforce our back-to-basics strategy as we recognize the power of simplicity and human connection in crafting programs and strategies that can create impactful stories of success.

While modern technology plays a crucial role, we understand the importance of striking a balance between the digital realm and physical engagement. This harmonious

balance of heart and mind enables us to design programs and services tailored to fit the needs of our community.

Our programs are driven by the collective voices and experiences of our employees and clients. Each story shared fuels our commitment to delivering tailored solutions that make a positive ripple effect in the lives of the people.

Moreover, we have begun to provide more extensive support to the Muslim communities in our country. We are intensifying our efforts to ensure they have access to equal opportunities. Currently, we are exploring the possibility of offering a Shari'ah-compliant microinsurance product to provide additional security for our Muslim brothers and sisters, helping them become resilient in times of uncertainty.

We not only strive to fortify CARD MRI but also extend our support to the entire microfinance and microinsurance industries, promoting sustainability in helping other people. They stand as our allies in realizing our journey to eradicating poverty. We must amplify our advocacy for nation-building, for policymakers to also bolster our programs and initiatives for the Filipinos.

Our journey does not end here. We are poised to continue flourishing in the remotest corners of our nation. By lending a helping hand to fellow microfinance institutions and like-minded organizations, we accelerate our journey toward ensuring a decent life for every Filipino family.

As we look ahead to the future, we remain steadfast in our commitment to stand alongside Filipino families, empowering them to shape a brighter tomorrow. Together, we will continue to make progress, guided by the wisdom of both heart and mind, towards a more inclusive and progressive society.

Jaime Alip
Dr. Jaime Aristotle B. Alip
CARD MRI Founder & Chairman Emeritus

Message from the

CARD MRI MANAGING DIRECTOR

Sustainable Future for Filipino Families

For 37 years, CARD MRI has dedicated its operations to improving the lives of Filipino families, particularly those who are socially and economically challenged. Throughout this time, we have learned key lessons on the importance of sustainability in all our efforts. We have realized that it is not enough to provide short-term support; rather, we must ensure that our programs and initiatives are sustainable and capable enough of delivering lifelong benefits to the people we serve.

To carry out sustainability in all of our programs, every aspect of our organization is carefully reviewed and analyzed. From the development of products and services to the implementation of initiatives and programs, we find solutions that provide constant success. This holistic approach ensures that our efforts continue to create positive ripple effects in our community, even as circumstances evolve.

As we have grown and expanded our reach, we have encountered various needs and challenges within the communities we serve. This dynamic environment has pushed us to adapt and innovate continuously. By embracing change, we have been able to develop more effective strategies and initiatives that meet the evolving needs of our staff, clients, and their families.

Moreover, our commitment to sustainability extends beyond the financial outlook. We recognize the interconnectedness of social, environmental, and economic factors and strive to address them comprehensively. This includes promoting financial inclusion, empowering marginalized groups, and advocating environmental stewardship through our operations and initiatives.

In 2023, we started a new chapter in our sustainability journey by documenting all of our efforts. As we begin our sustainability reporting, it also provides more transparency

and accountability in what we do as an organization. This allows our stakeholders to understand the scope and impact of our activities. This also enables us to take a look at our progress and identify rooms for improvement that help us enhance the effectiveness and efficiency of our processes.

Through this integrated annual reporting, we aim to showcase not only our financial accomplishments but also our commitment to supporting sustainable development goals. This report not only shows the tangible outcomes of our efforts but also the principles and values that guide our actions. By sharing our experiences and insights, we hope to inspire others to join us in our commitment to sustainable development.

Our sustainability strategy is driven by our recognition of the interconnectedness of global challenges and the need for collective action. By aligning our efforts with international initiatives, such as the United Nations Sustainable Development Goals (SDGs), we contribute to a broader movement for positive change.

At the same time, we remain aware of the challenges within the Philippines, which require well-fitted approaches and solutions. By collaborating with individuals, partners, institutions, and other organizations that share the same mission with us, we strengthen collective expertise and resources to maximize our impact.

In conclusion, sustainability is at the heart of everything we do at CARD MRI. It guides our decision-making processes, shapes our motivation, and drives our commitment to creating positive change. As we continue our journey, we remain steadfast in our dedication to empowering individuals, strengthening communities, and building a more sustainable future for all.

Aristeo A. Dequito
CARD MRI Managing Director

CHAIRPERSON

Serving Our Communities on the Ground

Part of our duty to ensure our clients are covered in the safety of our insurance is to meet them where they are.

CARD MRI Insurance Agency (CaMIA) goes to great lengths to visit our communities to learn about their condition and their needs. This is in line with our mission to ensure that our clients receive the full benefit of our microinsurance products and services that will protect them and their families from natural disasters, calamities, and even global health crises such as the COVID-19 pandemic.

In truth, we still feel the effects of the pandemic at CaMIA to this day. However, while its aftermath still lingers in our communities, we have been actively determining how best to support them. These include not only those who needed our assistance during their hospital confinement but even those whose claims have been denied due to their lapsed policies.

While we share in our clients' struggles, we steadfastly encourage them to persevere as we seek innovative ways to fulfill their insurance needs. We have to ensure that we find the most effective solutions to continue supporting our community.

This is the year we cover greater grounds by taking bolder strides and amplifying our voices to assess our communities' situation, create innovative and empathy-driven strategies, and inform them of the importance of insurance as one of the keys to fighting poverty.

Hand-in-hand with our Microinsurance Coordinators (MIC), Microinsurance Supervisors (MIS), and even our clients, we integrate various research and experience-based measures designed to help our communities harvest the fruits of their labors, all while prioritizing the future and well-being of their families.

In addition, we acknowledge that supporting our clients also means sustaining their livelihood, which

will aid them in achieving financial independence and resilience in facing life's uncertainties. With this, CaMIA leaves no stone unturned as we continue working with CARD MRI's banking institutions to realize our clients' full potential.

As CaMIA encourages its clients to secure their future through the support of our microinsurance services, we also recognize the importance of reinforcing our partnerships, as well as engaging with various organized groups within our community. Beyond these efforts, we are also committed to investing in a wide array of practices and enterprises that will enable us to achieve financial stability to sustain our mission and expand our reach.

We are positive that this has been possible with the help of our partner institutions at CARD MRI, most especially CARD Mutual Benefit Association and CARD Pioneer Microinsurance Inc., which have also gone to great lengths to bolster our goal of insuring 80 million individuals in 10 years as part of our 10-20-80 strategic direction.

While we do everything we can to ensure the lives of Filipinos, especially the low-income sector, and work on efficiently processing their insurance claims, we acknowledge the tireless dedication of our MICs and MIS in our unit networks as they devote a part of their lives to our cause. We recognize their unwavering commitment and sacrifices, and we will make sure to honor and support them in every way possible.

Finally, we at CaMIA, are always in awe of how our fellow institutions at CARD MRI have stood beside us in everything we do through the years. We are aware of the challenges they face as an institution, but their efforts in overcoming these obstacles while continuously providing their unparalleled support to us and our communities are truly commendable. As we collectively work on our mission to defeat poverty, rest assured that CaMIA will also make sure to meet them where they are—serving our communities on the ground.



Jocelyn D. Dequito
Jocelyn D. Dequito
Chairperson, CaMIA

PRESIDENT AND GENERAL MANAGER

Surging through the Unpredictable

Responding to the diverse needs of our clients requires a harmonious collaboration between the heart and mind. As we reach out and adjust our services to the personal struggles of our stakeholders, we also heed the importance of employing various strategies and creating well-founded and well-informed decisions that will yield the maximum benefits for our clients, staff, and the CARD MRI community.

A Collaborative Spirit

This year, we conducted Brigada Orientations across our centers. During these activities, our staff went above and beyond to inform our communities of the importance of life and non-life insurance as safety nets that will anchor them during life's uncertainties. Aside from this, we made sure that the benefits of our microinsurance policies were communicated with the help of our officers, Microinsurance Coordinators (MICs), and Microinsurance Supervisors (MISs) at CARD MRI Insurance Agency (CaMIA).

On August 11, 2023, officers at CaMIA introduced our microinsurance products—SAGIP, KABUKLOD, and CARD CARE—to the Luntian Multipurpose Cooperative. During the presentation, we provided an overview of our most accessible and affordable policies to date, designed to meet the multifaceted needs of our clients.

Through our officers, MIC, and MIS, we have also successfully presented TODAMAX and our traditional insurance products to the presidents of Tricycle Operators and Drivers Association or TODA in San Pablo City, Laguna and Candelaria, Quezon on October 17 and November 11, respectively.

TODAMAX is a microinsurance product that covers, not only the tricycle driver involved in an accident but also up to four (4) of their passengers and the third-party liability. Additionally, this policy provides a Tricycle Repair Assistance Benefit that covers up to PHP 10,000 in damages, alongside a Loss of Income Benefit, which compensates the tricycle driver with PHP 500 per day during hospital confinement resulting from an accident.

CaMIA is the only insurance agency in the Philippines that provides this comprehensive policy that covers all parties involved in an accident, making us top-of-mind when it comes to insurance for organized groups such as TODA.

As of 2023, we have successfully insured 32 organized groups, providing coverage to 1,319 individuals, and achieved total sales of Php 702,135 from organized groups, all thanks to the dedication of our officers, MIC, and MIS.

Embracing the Unknown

As CARD MRI's insurance company, CaMIA continues to support our partner institutions to shield their clients and their livelihoods from unforeseen financial burdens with our microinsurance products and services.

On November 7, our officers, together with RIMANSI Mutual Solutions Insurance Agency, Inc., conducted an orientation about the YAKAP Health Plan for CARD SME Bank clients with small to medium-sized businesses as well as those with Quick SME Loans.



Vener S. Abellera
President and General Manager
CaMIA



With a premium of only PHP 4,200, the YAKAP Health Plan is designed to provide comprehensive yet affordable health coverage, with a generous maximum benefit of up to PHP 60,000 per illness per year, subject to specified inner limits. Initially introduced to CARD SME Bank clients in September 2023, YAKAP will be implemented as a promotional offer from January to July 2024, something that we are all looking forward to at CaMIA.

Breaking the Record

In all our efforts to forge a sustainable future for our clients and their families, we deeply appreciate the dedication of our officers, MIC, and MIS in highlighting the significant benefits of microinsurance in alleviating poverty and ensuring that our message is effectively communicated across our communities.

To achieve this, first, we engage in a range of capacity-building programs that will further equip us, sharpen our abilities, and create a lasting impact on our causes and advocacies, now and in the years to come. Second, and perhaps more notably, we continued providing incentives, certificates, and tokens of gratitude to our MIC and MIS who continuously broke their premium sales record throughout the year. This year, a new precedent was established with over PHP 5,000,000 of premium sales in one month—proof

of our unwavering spirit and our commitment to providing reliable microinsurance products to our clients.

Consequently, CaMIA has been proactive in processing the microinsurance claims of our clients. This year, we have efficiently handled a total of 122,482 claims, amounting to PHP 564,367,528 worth of insurance claims.

As CARD MRI collectively believes in microinsurance as one of the powerful instruments in eradicating poverty, we are ever so grateful for our partner institutions who have continually supported CaMIA in standing as a haven of security and a beacon of hope in the Philippines. With their help, we have successfully hit our target, providing 2,868,411 policies in December, bringing us a total gross premium of PHP 1,967,989,017 by the end of the year.

Indeed, this is the year that we broaden our minds and ignite the hope in our hearts to continue fostering a better future for our clients and their families. As we surge through the unpredictable and triumph over each one of them, CaMIA will be a constant support to the Filipino people, one insured individual at a time.

MANAGEMENT COMMITTEE

Mr. Vener Abellera

President and General Manager

Mr. Ely Rodriguez

Deputy Director for Insurance Services

Mr. Gerardo Bartalo

Deputy Director for Insurance Services

Mr. Archie Mechavez

Deputy Director for Insurance Services

Ms. Jennelyn M. Meneses

Deputy Director for Admin

Ms. Marivc R. Monroy

Senior Finance Manager



B O A R D O F



Mr. Wilfredo M. Llanto
Independent Director



Mr. Vener S. Abellera
Director/ President and General Manager



Ms. May S. Dawat
Director



Ms. Jocelyn D. Dequito
Chairperson

D I R E C T O R S



Ms. Lyneth L. Derequito
Vice Chairperson



Ms. Janet D. Caneco
Director



Ms. Cynthia B. Baldeo
Director



Ms. Vida T. Chiong
Independent Director



Ms. Rolando A. Robles
Independent Director



AT A GLANCE

DAKILA PLAN

PHP 14,200,000.00

Total Amount of Claims

PHP 41,514,953.00

Total Sales

BINHI

PHP 18,111,875.00

Total Amount of Claims

PHP 5,291,180.00

Total Sales

ER CARE

PHP 5,546,283.00

Total Amount of Claims

PHP 522,810,200.00

Total Sales

PROTEKITA

PHP 162,250.00

Total Amount of Claims

PHP 8,333,150.00

Total Sales

MEDICASH

PHP 670,000.00

Total Amount of Claims

PHP 3,919,175.00

Total Sales

SAGIP PLAN

PHP 205,690,035.00

Total Amount of Claims

PHP 872,428,759.00

Total Sales

KABUKLOD PLAN

PHP 210,083,600.00

Total Amount of Claims

PHP 471,361,500.00

Total Sales

CARD CARE PLUS

PHP 109,631,595.00

Total Amount of Claims

PHP 522,810,200.00

Total Sales



1

Office



33

Staff

**E**

Economic

At CaMIA, the economic aspect includes our financial activities, performance, and its impact on the economy. It conducts ethical and responsible economic activities that contribute positively to society while maintaining financial sustainability. This involves supporting local economic development, promoting transparent financial reporting, and adhering to regulatory standards. By integrating economic considerations into its operations, CaMIA aims to create long-term value for its stakeholders while advancing socioeconomic development.

**E**

Environmental

CaMIA is committed to becoming environmental stewards while empowering individuals and communities. The organization takes initiatives that focus on mitigating environmental risk and promoting sustainability practices within our community of staff. From energy efficiency to waste management, water conservation, and biodiversity preservation, CaMIA prioritizes reducing its environmental footprint and addressing climate change.

**S**

Social

Our community is the heart and soul of everything we do. Beyond providing financial services, we are deeply committed to creating a positive impact in the communities we serve. Through initiatives such as community engagement, social equity, and upholding ethical standards, CaMIA strives to be a responsible organization dedicated to uplifting society.

**G**

Governance

Ethical leadership is fundamental to our organization's values. The organization adheres to the highest standards of integrity, accountability, and transparency in our governance practices. As CaMIA promotes ethical conduct and sound decision-making, we nurture clients confidence, mitigate risks, and ensure the long-term sustainability of the organization's operations for the benefit of all stakeholders.



At CaMIA, we believe that microinsurance is a cornerstone of our mission to eradicate poverty. Through our Sagip Plan, Kabuklod Plan, and CARD Care, we protect the lives of our clients and their families, providing security during times of calamity, accidents, and illnesses. As of December 2023, we disbursed PHP 205,690,035.00 for the Sagip Plan and have surpassed our targets for the Kabuklod Plan and CARD Care, providing a total of PHP 210,083,600.00 and PHP 109,631,595.00 respectively.

Through ProteKITA for business owners and BINHI for farmers, we sustain our clients' income generation by protecting their livelihoods and crops, providing them with confidence and stability during typhoons and earthquakes. This December, we have also exceeded our target for ProteKITA, allowing us to disburse PHP 162,250.00 to our clients with physical stores across the country. Additionally, we have assisted our CARD Agri Loan borrowers from our financial institutions with a total of PHP 18,111,875.00 in support, ensuring they can continue their agricultural activities without interruption.

ECONOMIC

Moreover, we also invest in products like CARD Bank's MATAPAT Savings Account. CARD Bank, in turn, invests in CARD Indogrosir, a reliable distributor of goods to sari-sari store owners. This series of strategic investments within CARD MRI not only allows us to gain dividends to continue providing the community's insurance needs but also gives CaMIA an avenue to help our sari-sari store clients boost their income through our investments.

We aim to secure financial stability for our organization while also enhancing the economic well-being of our clients. In the future, we hope to continue expanding our support and services to ensure sustainable growth and development for our communities, in line with CARD MRI's 10-20-80 strategic direction to insure 80 million clients in 10 years.

PHP 205,690,035.00

Sagip Plan Disbursed

PHP 210,083,600.00

Kabuklod Plan

PHP 109,631,595.00

CARD Care

ENVIRONMENTAL



As CaMIA makes its way toward our communities, assisting them in completing several forms to subscribe to our microinsurance policies, CaMIA sought ways to expedite each process by streamlining its Sagip Plan, Kabuklod Plan, and CARD Care forms from three to just one. This ultimately simplifies our transactions with our clients while allowing us to conserve resources and contribute to environmental sustainability.

Further, we stand with our partner institutions at CARD MRI in employing waste segregation practices and conserving energy at our head office in San Pablo City, Laguna.

Through these effective strategies, we enhance operational efficiency and environmental stewardship. In the future, we aim to intensify our paperless transactions to further reduce our environmental footprint and improve service delivery.

SOCIAL

CaMIA acknowledges the hard work of its Microinsurance Coordinators and Supervisors (MICs and MISs) in reaching our communities, bridging the gap between land and sea. In recognition of their efforts, CaMIA has revived the promos and incentives for our MICs and MISs as they continuously break their premium sales records throughout the year. This initiative empowers our MICs and MISs to convert insurances into premium sales, creating a sustainable cycle of growth and support that ultimately benefits our community.

In addition, CaMIA's Brigada Orientations, capacity-building programs, and other learning opportunities motivate our MICs, MISs, and staff not only to expand their knowledge of best practices in the industry but also to inspire personal growth and professional development. These programs foster a culture of continuous learning and improvement, ensuring that our team is well-equipped to serve our clients effectively and with greater impact.

Through the years, CaMIA has also partnered with several institutions whose mission aligns with ours. Through our mutual, transparent, and collaborative relationship with CARD Pioneer Microinsurance Inc., Pioneer Life Inc., PhilCare, and Rimansi Mutual Solutions Insurance Agency, Inc., we have supported various initiatives that benefited our clients and our communities.

As we allocate resources to support our clients, we also dedicate our time and effort to ensure that our entire community, including our clients, our staff, and our partner institutions at CARD MRI and beyond, thrives and flourishes with us.

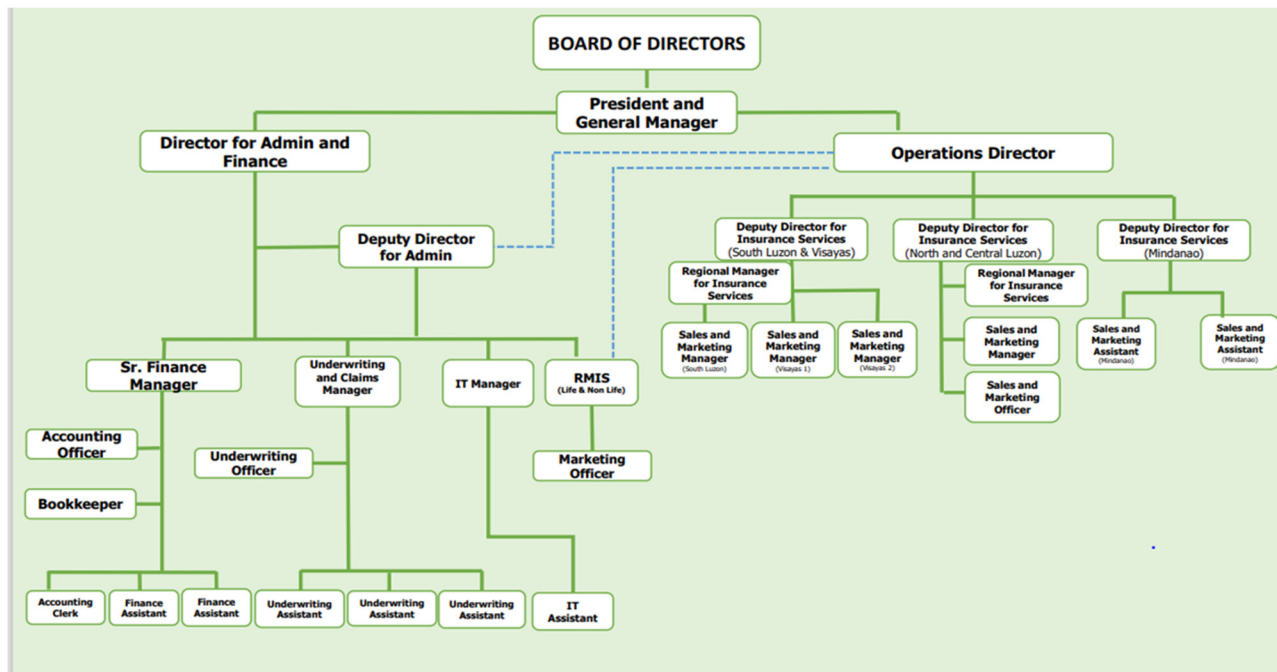


GOVERNANCE



In all aspects of regulatory compliance, CaMIA is aligned with our partners in ensuring the timely processing of remittances, collections, and contributions. With the help of SyCip Gorres Velayo & Co., which provides reasonable assurance through fair auditing of our accounts, we diligently comply with prescribed standards and deliver accurate financial reports. This commitment affirms our continuous ethical growth and integrity.

As we expand our microinsurance products and services, it is extremely vital that we nurture various aspects in our society, including the EESG factors to guarantee the continuous development of our stakeholders' well-being and success. By complying with our partners' regulations, we protect the integrity of CaMIA, our clients, and our staff, fostering a sustainable and trustworthy working environment that supports our collective mission: poverty eradication.





MIC CLIENT STORY

A FULFILLING JOURNEY

A fulfilling life is finding your true north—a happiness that goes beyond just achieving goals but rather the feeling of contentment and making an impact on other people's lives.

Juliet Isiderio, 54 years old, from San Pablo City, Laguna, is the third of seven siblings. She studied midwifery during her college years, but she eventually landed a job as an order receiver for a garment company.

That career shift led her to meet her husband, and on June 7, 1992, they happily tied the knot, pledging a lifetime together.

Later, they decided to move to Manila, where she helped her mother-in-law in managing their eatery. When she became pregnant, they chose to settle in her hometown in San Pablo City, Laguna, to build their family.

She established a sari-sari store in 2002 with the assistance of CARD Bank, a microfinance-oriented rural bank under CARD MRI. The loan she obtained from the institution enabled her to start her business, which grew over time, eventually expanding into wholesaling.

As a client of CARD Bank, she was allowed to know the other institutions under CARD MRI. By 2008, Juliet had become a MBA Coordinator at CARD MBA, an insurance arm of CARD MRI, while simultaneously working as a Microinsurance Coordinator (MIC) at CaMIA.

Her role as an MBA Coordinator includes verifying client deaths and accidents, while as an MIC, her role is to sell the Sagip Plan and Kabuklod Plan to clients, formerly known as paid plans.

Juliet enjoys serving CARD MRI clients. However, due to a lot of obligations including being a mother, she cannot keep both roles as an MBA Coordinator and MIC. So, with a heavy heart, she chooses to resign as an MBA Coordinator.

Following this, in 2014, she permanently closed her sari-sari store and decided to solely focus on being an MIA.

Looking back, she can say that she never regretted her decision, even once, because she is happy serving people and seeing the smiles on the faces of those she assisted.

“It is not the salary that makes me stay at CaMIA, but the fulfillment of seeing the smiles of the clients we served,” she stated.

To become a more efficient MIA, she attended several types of training and seminars to sharpen her communication skills and selling strategies. These efforts allow her to better explain to clients the significance of insurance and its role in providing financial security, especially during times of emergency.

On June 23, 2023, she was promoted to microinsurance supervisor (MIS). As an MIS, she oversees 25 MICs in Laguna 1. Her area includes Alaminos, San Pablo City, Dolores, Liliw, Rizal, and Nagcarlan.

As an MIA who later became an MIS at CaMIA, she was able to send her children to school. Additionally, she managed to go to unfamiliar places, where she grew to love her work, turning each day into an adventure while meeting and assisting different kinds of people.

In the future, she wishes that the Lord will continue to give her the strength she needs to serve many more clients of CARD MRI.

SUSTAINABILITY ACHIEVEMENTS

33 Employees

48%
men

52%
women



Facebook Page

981,047 **76,589**
Page Reach Page Visit



PHP 442,673.91
Cost of water and electricity consumption



PHP 14 Million

Total Amount of Dakila Claims



PHP 18 Million

Total Amount of Binhi Claims

PHP 162,250.00

Total Amount of Protekita Claims



PHP 210 Million

Total Amount of Kabuklod Claims



PHP 205 Million

Total Amount of Sagip Plan Claims



PHP 109 Million

Total Amount of CARD Care Plus Claims

PHP 5.5 Million

Total Amount of ER Care Claims

PHP 670,000.00

Total Amount of Medicash Claims



SUSTAINABILITY COMMITMENTS



"At CaMIA, we will dedicate our efforts to crafting tailored solutions that help people deal with natural disasters and climate-related problems. We will always work on new ways to ensure our products meet our clients' needs."

Mr. Vener Abellera, *President and General Manager*



"Our team is committed to taking proactive measures to speed up our clients' insurance claims, ensuring smooth processing that maximizes their benefits."

Mr. Ely Rodriguez, *Deputy Director for Insurance Services*



"We are committed to educating our clients about the importance of insurance. It's about giving people the knowledge to protect themselves effectively."

Mr. Gerardo Bartalo,
Deputy Director for Insurance Services



"I will commit myself to being transparent and fair at all times, especially when dealing with claims. This will be a great way to build trust in the insurance industry with clients."

Mr. Archie Mechavez, *Deputy Director for Insurance Services*



"I commit to nurturing a safe, supportive, and reliable workplace for all staff. In every aspect of our operations, I promote mindful and sustainable use of resources to serve with compassion and responsibility."

Ms. Jennelyn M. Meneses, *Deputy Director for Admin*



"I commit to ensuring transparency, efficiency, and integrity in managing our financial resources. Every decision I make upholds accountability and supports the sustainable growth of our institution and the communities we serve."

Ms. Marivc R. Monroy, *Senior Finance Manager*

CaMIA contribution to SUSTAINABLE DEVELOPMENT GOALS



DECENT WORK AND ECONOMIC GROWTH

Microinsurance coverage from CaMIA helps protect micro, small, and medium business entrepreneurs, and informal workers from financial risks that could jeopardize their livelihoods. By promoting economic stability and resilience, CaMIA supports decent work and economic growth. CaMIA also provides its employees with a productive and secure workplace and delivers a fair salary, social protection, and personal development. It also provides livelihoods to its microinsurance agents and supervisors who are also clients of CARD MRI.



GOOD HEALTH AND WELL-BEING

CaMIA's microinsurance coverage enables Filipino families and individuals to access affordable healthcare services when needed. This promotes good health and well-being and reduces financial burdens among low-income people.



GENDER EQUALITY

The Agency also promotes gender equality by providing equal access to microinsurance for both men and women. As CaMIA empowers women with financial protection and security, it contributes to gender equality and women's empowerment.



CLIMATE ACTION

The microinsurance products of CaMIA protect Filipino communities against the financial impacts of climate-related disasters and extreme weather events. As the Agency advocates for climate resilience and adaptation, it contributes to climate action and environmental sustainability. Generally, CaMIA's programs and initiatives play a crucial role in promoting financial inclusion, resilience, and sustainable development among low-income segments in our society, thus contributing to multiple SDGs.



NO POVERTY

The primary mission of CaMIA is to eradicate poverty in the country by providing safety nets to the most vulnerable and low-income Filipino families. By providing access to affordable microinsurance services, we protect them from financial risks related to illness, accidents, and other uncertainties that may cause them to fall deeper into poverty.



SUSTAINABLE TRIAD

BALANCING PEOPLE, PLANET, & PROSPERITY

For 16 years, CARD MRI Insurance Agency (CaMIA), Inc. has been working tirelessly to break the chains of poverty through microinsurance and community development services. We work not only for the sustainability of our institution but also for the people and the community we work with. CaMIA is and will remain committed to integrating the principles of People, Planet, and Prosperity from our strategic planning to our

daily operations. As a trusted microinsurance agency in the Philippines, we understand that CaMIA has a profound responsibility for the impact it creates on its employees, communities, and the environment. Through our integrated approach, we go the extra mile to create value for our society.

PLANET

We highly value our staff as they are one of the key contributors to CaMIA's effective provision of products and services to clients. Therefore, we prioritize providing them with the necessary training and development opportunities to enhance their personal growth. We are dedicated not only to maintaining excellent client service but also to ensuring the well-being of our staff.

In addition, we place high importance on the needs of our clients and their families, particularly the underserved and vulnerable segments of society. Through our tailored microinsurance products, our approach to development empowers our clients and the communities we serve to shape their current circumstances and build a better future.



PEOPLE

CaMIA incorporates sustainable commitments in things that we do. The institution began with its practice of paperless initiatives in the workplace to reduce waste. These efforts aligned with our goal of preserving our environment's natural resources. Aside from that, we also support other green policies of CARD MRI such as energy and water conservation, and carbon reduction.

100%

Regular employees received performance and career development reviews



PROSPERITY

To promote prosperity, some of CaMIA's strategies include offering a diverse range of insurance products to protect clients from calamities. CaMIA ensures that clients are well-informed and educated to enhance their decision-making abilities and minimize unexpected loss. At CaMIA, we also encourage CARD MRI clients to invest in insurance products for the long-term benefits they can offer.

While we empower the communities we serve and safeguard our actions that will impact our environment, CaMIA remains committed to delivering sustainable financial performance and creating value for our shareholders and stakeholders. Throughout our 16 years of operations, we constantly uphold sound financial management practices, sensible risk management, and ethical business conduct. These support our long-term success and resilience as an institution. By nurturing the values of trust, transparency, and accountability, CaMIA persistently boosts its reputation and credibility with the public.



Furthermore, we acknowledge the connection of our financial success with social and environmental well-being. Through our responsible and smart practices in lending, investing, and delivering strategic community development initiatives, we expect to generate positive social and environmental effects while bringing in reasonable financial returns.

Integration

The integration of People, Planet, and Prosperity considerations has been part of our organization for decades. From our comprehensive strategy development to our daily operations, we adhere to our sustainability principles in every aspect of our undertakings. Through collaboration, stakeholder engagement, and continuous improvement, CaMIA is driving positive change and innovation across our operations.

Through this integrated reporting, we are promoting transparency, accountability, and stakeholder engagement in this sustainability journey. We will measure and monitor our sustainability performance to track our progress, identify our rooms for improvement, and underscore our commitment to operate responsible business practices and contribute to our Sustainable Development Goals (SDGs).

In the coming years, CaMIA will continue to navigate the opportunities and challenges of the future, but we will remain persistent in our promise to nurture People, Planet, and Prosperity in our organization. As we focus on the well-being of our clients and communities, preserve our environment, and serve sustainable financial performance, CaMIA catalyzes positive change and sustainable development in the communities we serve. As we continue our journey towards a zero-poverty Philippines, we can build a more inclusive, resilient, and thriving future for all.



AUDITED FINANCIAL STATEMENTS

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, 2023 and 2022, and the 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 material accounting policy information.

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

Bryan Chrisnel M. Baes

Bryan Chrisnel M. Baes

Partner

CPA Certificate No. 128627

Tax Identification No. 275-229-188

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-148-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079899, January 5, 2024, Makati City

April 27, 2024

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents (Notes 4 and 14)	₱16,092,084	₱9,162,136
Short-term investments (Notes 5 and 14)	4,486,629	2,419,288
Loans and receivables (Notes 6 and 14)	13,865,177	9,061,184
Other assets (Note 7)	6,162,310	3,921,419
	40,606,200	24,564,027
Non-current Assets		
Financial assets at fair value through other comprehensive income (FVOCI) (Note 8)	204,575,763	90,687,086
Property and equipment (Note 10)	893,034	488,683
Right-of-use asset (Notes 10 and 16)	2,203,205	2,178,574
Investment properties (Note 11)	6,017,958	6,341,258
Deferred tax assets (Note 17)	2,468,409	2,171,116
Pension asset - net (Note 15)	-	302,591
	216,158,369	102,169,308
	₱256,764,569	₱126,733,335
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 14)	₱17,457,392	₱16,436,776
Lease liabilities – current portion (Note 16)	1,462,639	1,545,524
Income tax payable (Note 17)	2,316,182	-
	21,236,213	17,982,300
Non-current Liabilities		
Lease liabilities – non-current (Note 16)	807,053	433,233
Pension Liability – net (Note 15)	1,177,672	-
	1,984,725	433,233
	₱23,220,938	₱18,415,533
Equity		
Capital stock (Note 13)	50,000,000	50,000,000
Retained earnings (Note 13)	108,027,268	82,380,420
Remeasurement loss on defined benefit plan (Note 15)	(3,818,574)	(3,348,230)
Unrealized loss on financial assets at FVOCI (Note 8)	79,334,937	(20,714,388)
	233,543,631	108,317,802
	₱256,764,569	₱126,733,335

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Commission income (Note 20)	₱171,082,296	₱115,043,671
Dividend income (Note 8)	11,371,168	9,486,457
Administration fee	2,525,668	1,991,196
Interest income (Notes 4, 5 and 7)	218,218	591,654
Other income (Note 11)	431,195	356,506
	185,628,545	127,469,484
EXPENSES		
Salaries and allowances	21,563,542	15,202,179
Transportation and travel	10,917,928	7,858,028
Professional fees	7,069,111	3,799,753
Program monitoring and evaluation	3,619,152	2,394,886
Taxes and licenses	3,237,444	91,145
Depreciation (Notes 10 and 11)	3,035,457	2,535,424
Training and development	2,318,372	1,420,072
Security and janitorial	1,960,160	1,234,951
Insurance	1,657,935	1,512,245
Information technology expense	1,388,181	1,857,163
Advertising and promotion	1,199,717	1,605,407
Pension expense (Note 15)	1,174,791	501,320
Rent (Note 16)	937,606	246,929
Repairs and maintenance	910,855	807,008
Supplies	643,167	514,154
Light and water	442,674	432,042
Communication and postage	189,400	192,298
Interest expense (Note 16)	148,531	132,587
Representation and entertainment	99,560	14,852
Provision for (reversal of) impairment losses (Notes 6 and 7)	(1,854,866)	3,842,742
Other expenses	1,793,748	637,643
	62,452,465	46,832,828
INCOME BEFORE INCOME TAX	123,176,080	80,636,656
PROVISION FOR TAX (Note 17)	27,529,232	17,522,722
NET INCOME	₱95,646,848	₱63,113,934

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
NET INCOME	₱95,646,848	₱63,113,934
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>		
Unrealized gain (loss) on financial assets at FVOCI (Note 8)	100,049,325	(9,362,392)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement loss on defined benefit plan - net of tax (Note 15)	(470,344)	(1,459,575)
	99,578,981	(10,821,967)
TOTAL COMPREHENSIVE INCOME	₱195,225,829	₱52,291,967

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, 2023	₱50,000,000	₱82,380,420	(₱3,348,230)	(₱20,714,388)	₱108,317,802
Total comprehensive income					
Net income	–	95,646,848	–	–	95,646,848
Other comprehensive loss	–	–	(470,344)	100,049,325	99,578,981
Dividends (Note 13)	–	(70,000,000)	–	–	(70,000,000)
At December 31, 2023	₱50,000,000	₱108,027,268	(₱3,818,574)	₱79,334,937	₱233,543,631
At January 1, 2022	₱50,000,000	₱94,266,486	(₱1,888,655)	(₱11,351,996)	₱131,025,835
Total comprehensive income					
Net income	–	63,113,934	–	–	63,113,934
Other comprehensive loss	–	–	(1,459,575)	(9,362,392)	(10,821,967)
Dividends (Note 13)	–	(75,000,000)	–	–	(75,000,000)
At December 31, 2022	₱50,000,000	₱82,380,420	(₱3,348,230)	(₱20,714,388)	₱108,317,802

See accompanying Notes to Financial Statements

CARD MRI INSURANCE AGENCY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱123,176,080	₱80,636,656
Adjustments for:		
Depreciation (Notes 10 and 11)	3,035,457	2,535,424
Provision for (reversal of) impairment losses (Notes 6 and 7)	(1,854,866)	3,842,742
Retirement expense (Note 15)	669,445	501,320
Loss on investment (Note 9)	363,207	—
Interest income (Notes 4, 5 and 7)	(218,218)	(591,654)
Interest expense (Note 16)	148,531	132,587
Operating income before working capital changes	125,319,636	87,057,075
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	(4,776,747)	(1,714,063)
Other current assets	(4,706,666)	1,769,741
Increase (decrease) in trade and other payables	3,811,123	2,821,512
Net cash flows generated from operations	119,647,346	89,934,265
Income tax paid	(25,213,050)	(19,351,013)
Contributions made to the retirement fund (Note 15)	(378,353)	(199,712)
Interest received	141,228	1,233,754
Net cash flows provided by operating activities	94,197,171	71,617,294
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at FVOCI (Note 8)	(13,839,352)	(10,289,720)
Property and equipment excluding right-of-use assets (Note 10)	(634,076)	(377,199)
Short-term investment (Note 5)	(7,000,000)	14,680,000
Derecognition of:		
Investment in associate (Note 9)	1,464,412	—
Short-term investment (Note 5)	5,045,639	—
Property and equipment (Note 10)	11	—
Cash flows used in investing activities	(14,963,366)	4,013,081
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 14)	(70,000,000)	(75,000,000)
Payment of lease liabilities (Note 16)	(2,303,857)	(1,864,054)
Cash flows used in financing activities	(72,303,857)	(76,864,054)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,929,948	(1,233,679)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,162,136	10,395,815
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱16,092,084	₱9,162,136

See accompanying Notes to Financial Statements.

CARD MRI INSURANCE AGENCY, INC.
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. Material Accounting Policy Information

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 2023. 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 PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

Material Accounting Policies

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.

Property and Equipment

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.

Equity

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.

Revenue

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 ₱350,000). 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, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of Exchangeability*

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 PFRSs 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, 2023 and 2022, the Company's lease liability amounted to P2.27 million and P1.98 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, 2023 and 2022, the Company recognized deferred tax assets amounting to P2.47 million and P2.18 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 date. The present value of the retirement liability of the Company is disclosed in Note 15.

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	P20,000	P20,000
Cash in banks (Note 14)	16,072,084	9,142,136
	P16,092,084	P9,162,136

Cash in banks earn interest ranging from 1.00% to 1.50% and from 0.50% and 2.00% in 2023 and 2022, respectively. Interest income earned from cash in banks amounted to P0.03 million and P0.07 million in 2023 and 2022, 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 ranging from 2.75% to 3.60% and from 1.00% to 4.00% in 2023 and 2022, respectively. (see Note 14)

The rollforward analysis of short-term investments follows:

	2023	2022
At January 1	P2,419,288	P18,840,151
Additions	7,112,978	15,564,845
Withdrawals	(5,045,637)	(31,985,708)
At December 31	P4,486,629	P2,419,288

Interest income earned from short-term investments amounted to P0.15 million and P0.50 million in 2023 and in 2022, respectively.

6. Loans and Receivables

This account consists of:

	2023	2022
Accounts receivable:		
Related parties (Note 14)	P15,251	P329,079
Others	276,370	316,544
Commissions receivable		
Related parties (Note 14)	13,788,961	8,665,983
Interest receivable	8,495	726
	14,089,077	9,312,332
Allowance for doubtful accounts	(223,900)	(251,148)
	P13,865,177	P9,061,184

Accounts receivable are non-interest-bearing and are generally on 1-to-30-day terms. These mostly consist of receivables from CARD Pioneer Microinsurance, Inc. (CPMI) for Microinsurance Supervisor (MIS) expenses incurred during claims validation, area monitoring, marketing and selling of CPMI products.

Commissions receivable are non-interest-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, Kabukod, CARD Care, SAGIP Plan).

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:

	2023	2022
At January 1	₱251,148	₱165,005
Provision	(27,247)	86,143
At December 31	₱223,900	₱251,148

No accounts were written off in year 2023 and 2022.

7. Other Assets

This account consists of:

	2023	2022
Financial Assets		
Security deposits	₱832,610	₱1,017,564
Non-financial Assets		
Creditable withholding taxes (CWTs)	7,136,205	6,484,972
Advances for stock subscription	2,000,000	—
Input VAT	504,051	116,889
Supplies inventory	131,366	89,507
Prepaid expense	111,650	153,783
Other assets	—	612,276
	9,883,272	7,457,427
	10,715,882	8,474,991
Allowance for impairment losses	(4,553,572)	(4,553,572)
	₱6,162,310	₱3,921,419

In December 2023 and 2022, the Company recognized interest income on the amortization of security deposits amounting to ₱0.04 million and ₱0.02 million, respectively.

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 2023, the Company has advances for stock subscription with MI Healthcare Inc. amounting to ₱2.00 million.

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

The rollforward analysis of this account follows:

	2023	2022
Balance at January 1	₱90,687,086	₱89,759,758
Additions	13,839,352	10,289,720
Unrealized gain (loss) recognized in OCI	100,049,325	(9,362,392)
	₱204,575,763	₱90,687,086

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

	2023	2022
Balance at January 1	(₱20,714,388)	(₱11,351,996)
Fair value gain (loss) recognized in OCI	100,049,325	(9,362,392)
Balance at December 31	₱79,334,937	(₱20,714,388)

Details of unquoted equity securities follows:

	2023			2022		
	Amount	Shares	Percentage of ownership	Amount	Shares	Percentage of ownership
CARD Pioneer Microinsurance, Inc. (CPMI)	₱87,142,574	182,599	2.92%	₱41,611,466	182,599	2.92%
CARD Bank, Inc. (CBI)	25,434,849	142,604	2.72%	17,654,834	82,604	2.72%
CARD MRI Rizal Bank, Inc. (RBI)	9,069,762	66,528	6.65%	9,453,629	66,528	6.65%
CARD SME Bank, Inc. (CSME)	21,946,945	91,564	0.67%	9,385,097	85,873	0.67%
Matapat Holdings, Inc.	6,596,606	670,002	4.86%	6,459,436	670,002	4.86%
CARD MRI Holdings, Inc. (CMHI)	9,844,748	62,500	4.63%	3,223,367	19,625	4.63%
RIMANSI Mutual Solutions Insurance Agency, Inc. (RMSI)	2,976,119	36,888	11.00%	2,569,758	31,800	11.00%
CARD MRI Property Management, Inc. (CMPMI)	41,564,160	349,657	8.67%	329,499	329,499	8.67%
	₱204,575,763			₱90,687,086		

In 2022, the Company acquired 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.

In 2023, the Company acquired additional preferred shares from CBI amounting to ₱11.00 million, and common shares from CMPMI amounting to ₱2.02 million, CSME amounting to ₱0.57 million, and RMSI amounting to ₱0.25 million.

Dividend income on the FVOCI amounted to ₱11.37 million and ₱9.49 million in 2023 and 2022, respectively.

9. Investment in Associates

This account consists of an investment with the following movements:

	2023	2022
Acquisition cost	P—	P2,849,152
Accumulated equity in net losses		
Balance at beginning and end of year	—	(1,021,532)
Accumulated impairment losses		
Balance at beginning of year	—	—
Current year provision for impairment loss	—	(1,827,620)
Balance at end of year	—	(1,827,620)
	P—	P—

As of December 31, 2022, 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. In 2023, the Company received from MEADA, after winding up, payment for the return of capital amounting to P1.46 million. Moreover, the Company incurred a loss on investment amounting to P0.36 million.

10. Property and Equipment, and Right-of-Use Assets

The rollforward analysis of this account follows:

	2023			
	Computer and office equipment	Office furniture and fixture	Right-of-use assets (Note 16)	Total
Cost				
Balance at January 1	P1,723,973	P171,318	P5,250,690	P7,145,981
Additions	634,075	—	2,507,075	3,141,150
Derecognition	(96,487)	(9,801)	(1,427,263)	(1,533,551)
Balance at December 31	2,261,561	161,517	6,330,502	8,753,580
Accumulated Depreciation				
Balance at January 1	1,238,335	168,273	3,072,116	4,478,724
Depreciation	226,970	2,743	2,482,444	2,712,157
Derecognition	(96,476)	(9,801)	(1,427,263)	(1,533,540)
Balance at December 31	1,368,829	161,215	4,127,297	5,657,341
Net Book Value	P892,732	P302	P2,203,205	P3,096,239

	2022			
	Computer and office equipment	Office furniture and fixture	Right-of-use assets (Note 16)	Total
Cost				
Balance at January 1	P1,346,774	P171,318	P3,019,315	P4,537,407
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	P485,638	P3,045	P2,178,574	P2,667,257

The cost of fully depreciated property and equipment still in use amounted to P0.95 million and P0.99 million as of December 31, 2023 and 2022, 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:

	2023		
	Land	Building	Total
Cost			
At beginning and end of year	P5,075,000	P3,233,000	P8,308,000
Accumulated Depreciation			
At beginning of year	—	1,966,742	1,966,742
Depreciation	—	323,300	323,300
At end of year	—	2,290,042	2,290,042
Net Book Value	P5,075,000	P942,958	P6,017,958

	2022		
	Land	Building	Total
Cost			
At beginning and end of year	P5,075,000	P3,233,000	P8,308,000
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	P5,075,000	P1,266,258	P6,341,258

As at December 31, 2023 and 2022, no investment property has been pledged as collateral or security for any of the Company's liabilities.

As of December 31, 2023 and 2022, all investment properties of the Company generate income. Rental income on investment properties (included under 'Other income' in the statements of comprehensive income) amounted to P0.28 million in 2023 and 2022.

Direct operating expenses on investment properties in 2023 and 2022 included under 'Depreciation' and in other operating expenses in the statements of income amounted to P0.32 million and P0.41 million, respectively.

12. Trade and Other Payables

This account consists of:

	2023	2022
Financial Liabilities		
Subscription payable (Note 14)	P3,287,500	P4,287,500
Accrued expenses and provisions (Note 18)	4,135,934	3,116,020
Trade payables to related parties (Note 14)	978,703	1,928,354
Scholarship fund	669,882	732,882
Other payables	1,699,465	1,469,620
	10,771,484	11,534,376

(Forward)

	2023	2022
Non-financial Liabilities		
Due to government agencies	₱6,660,450	₱4,876,942
Unearned income (Note 14)	25,458	25,458
	6,685,908	4,902,400
	₱17,457,392	₱16,436,776

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

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

Trade payables are non-interest-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.

Scholarship fund 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:

	2023		2022	
	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:

	2023		2022		
Date of approval					
Date of declaration	March 31	September 29	March 31	May 31	November 29
Date of payment	April 13	October 13	April 1	May 31	December 9
Number of stockholders as of dividend declaration	32	32	35	32	32
Dividend per share	₱500.00	₱200.00	₱250.00	₱200.00	₱300.00
Total amount	₱50,000,000	₱20,000,000	₱25,000,000	₱20,000,000	₱30,000,000
Dividends paid	₱50,000,000	₱20,000,000	₱25,000,000	₱20,000,000	₱30,000,000

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:

Category	2023				
	Amount	Outstanding	Nature	Terms	Conditions
Affiliates					
CPMI					
Due to affiliate		₱65,075	Unremitted premium for CPMI products	On-demand; noninterest-bearing	Unsecured
Beginning	₱484,737				
Billings	829,693				
Payment	1,249,355				
Due from affiliate		4,486	Expenses during CPMI Related Activities	On-demand; noninterest-bearing	Unsecured
Beginning	247,249				
Billings	397,053				
Collections	639,816				
Commissions receivable		13,282,239	Uncollected Commission, Traditional Insurances, CCAP & BINHI	On-demand; noninterest-bearing	Unsecured
Beginning	8,490,731				
Billings	154,515,218				
Collections	149,723,710				
CARD MBA					
Due to affiliate		–	Payment for expenses during CaMIA related activities and DAKILA Claim	On-demand; noninterest-bearing	Unsecured
Beginning	1,800				
Billings	–				
Payment	1,800				
Due from affiliate		–	Unremitted premium of CARD MBA employees	On-demand; noninterest-bearing	Unsecured
Beginning	81,134				
Billings	761,840				
Collections	842,974				
CARD, Inc.					
Due to affiliate		1,250	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	1,250				
Payment	–				
Due from affiliate		1,098	Insurance Premium of CARD Inc. Employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	3,741,445				
Collections	3,740,347				
CARD Bank Inc.					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	–				
Payment	–				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	3,598,985				
Collections	3,598,985				
Cash		6,951,241	Various transactions	On demand; interest at 0.25% to 1.50% for regular savings deposit and 3.50% for cash equivalents	
Beginning	2,745,473				
Deposit	119,660,806				
Withdrawals	115,455,038				
Interest Income		165,358	Interest earned on time deposits and savings account	On-demand; interest at 0.25% to 1.50%	Unsecured
Short term investment		4,486,628	Placement of funds on time deposits	On-demand; interest at 3.50% to 4%	Unsecured
(Forward)					

Category	2023				
	Amount	Outstanding	Nature	Terms	Conditions
CARD SME					
Due to affiliate		P-			
Beginning	P-				
Billings	-			On-demand; noninterest-bearing	Unsecured
Payment	-				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	2,489,493				
Collections	2,489,493				
Cash		1,706,140	Various transactions		
Beginning	2,984,059				
Deposit	29,776,870				
Withdrawal	31,054,789				
Interest Income		7,130	Interest earned on time deposits and savings account	On-demand; interest at 1.50% to 3.75%	Unsecured
CMDI					
Due to affiliate		2,800	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	14,800				
Payment	12,000				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	305,310				
Collections	305,310				
Mga Likha ni Inay					
(MLNI)					
Due to affiliate		-	Payment for MLNI products	On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	-				
Payment	-				
			Uncollected insurance premiums of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	107,848				
Collections	107,848				
Rical Bank, Inc.					
Due to affiliate		-	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	-				
Payment	-				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	196				
Billings	1,991,759				
Collections	1,991,955				
RISE					
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	-				
Collections	-				
CMIT					
			Payment for services rendered		
Due to affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	-				
Payments	-				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	223,270				
Collections	223,270				
CLFC					
Due to affiliate		-	Payment for service rendered of Utility	On-demand; noninterest-bearing	Unsecured
Beginning	1,298				
Billings	443,683				
Payment	444,981				
(Forward)					

Category	2023				
	Amount	Outstanding	Nature	Terms	Conditions
Due from affiliate		P-	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	P-				
Billings	147,752				
Collections	147,752				
BotiCARD					
Due to affiliate		-	Payment for BotiCARD products	On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	-				
Payment	-				
			Insurance premium of BotiCARD employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	142,803				
Collections	142,803				
BDSFI					
Due to affiliate		-	Various transactions		
Beginning	-				
Billings	-				
Payment	-				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	133,341				
Collections	133,341				
RMSI-DAKILA					
Due to affiliate		21,725	Unremitted premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	289,101				
Payment	267,376				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	500				
Billings	14,010				
Collections	14,510				
Commissions receivable		506,722	Uncollected premium for DAKILA	On-demand; noninterest-bearing	Unsecured
Beginning	175,251				
Billings	3,918,188				
Collections	3,586,717				
CARD MRI Hijos Tours					
Due to affiliate		-	Various transactions	On-demand; noninterest-bearing	Unsecured
Beginning	9,753				
Billings	-				
Payment	9,753				
			Uncollected insurance premium of employees		
Due from affiliate		9,667		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	147,804				
Collections	138,137				
CARD MRI Publishing House					
Due to affiliate		-	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	-				
Billings	-				
Payment	-				
			Uncollected insurance premium of employees		
Due from affiliate		-		On-demand; noninterest-bearing	Unsecured
Beginning	-				
Billings	133,122				
Collections	133,122				
EMPC					
Due to affiliate		-	Various transactions		
Beginning	-				
Billings	299,439				
Payment	299,439				
(Forward)					

Category	2023				
	Amount	Outstanding	Nature	Terms	Conditions
Due from affiliate		P=	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning					
Billings	158,231				
Collections	158,231				
CARD MRI Property Management					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing; Unsecured	
Beginning	–				
Billings	–				
Payment	–				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Billings	113,414				
Collections	113,414				
CARD Myanmar					
Due from affiliate		–	Payment for insurance premium	On-demand; noninterest-bearing	Unsecured
Billings	106,162				
Collections	106,162				
CARD MRI Holdings					
Due from affiliate		–	Payment for insurance premium	On-demand; noninterest-bearing	Unsecured
Billings	96,976				
Collections	96,976				
Subscription payable		3,287,500	Represents payable for the shares of stock	On-demand; noninterest-bearing	Unsecured
PLI/GCLI					
Due to affiliate		600,737	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	1,028,122				
Billings	8,512,415				
Payment	8,939,800				
Due from affiliate		–	Uncollected insurance premium for GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	12,241				
Billings	–				
Collections	12,241				
PLI					
Due to affiliate		284,115	Unremitted premium for PLI/GCLI Products	On-demand; noninterest-bearing	Unsecured
Beginning	402,644				
Billings	4,818,029				
Payment	4,936,558				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	16,820				
Collections	16,820				
CARD Astro Laboratories					
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; non-interest bearing	Unsecured
Beginning	–				
Billings	107,040				
Collection	107,040				
Due to affiliate		–	Payments for services rendered	On-demand; non-interest bearing	Unsecured
Billings	–				
Payments	–				
CARD Microfinance Inc.					
Due from affiliate		–	Payment for Insurance Premium	On-demand; non-interest bearing	Unsecured
Billings	95,163				
Payments	95,163				

(Forward)

Category	2022				
	Amount	Outstanding	Nature	Terms	Conditions
Affiliates					
CPMI					
Due to affiliate		P484,737	Unremitted premium for CPMI products	On-demand; noninterest-bearing	Unsecured
Beginning	P204,636				
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, Inc.					
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
CARD SME Bank, Inc.					
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				

(Forward)

Category	2022				
	Amount	Outstanding	Nature	Terms	Conditions
Cash		P2,984,059	Various transactions		
Beginning	P2,165,778				
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	2,268,971				
Payments	2,268,971				
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				
Due from affiliate		–	Uncollected insurance premium of employees	On-demand; noninterest-bearing	Unsecured
Beginning	–				
Billings	110,345				
Collections	110,345				

(Forward)

Category	2022				
	Amount	Outstanding	Nature	Terms	Conditions
BotiCARD					
Due to affiliate		P–	Payment for BotiCARD products	On-demand; noninterest-bearing	Unsecured
Beginning	P–				
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				
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				
Collections	171,203				

(Forward)

Category	2022				
	Amount	Outstanding	Nature	Terms	Conditions
CARD MRI Property Management					
Due to affiliate		–	Payment for various transactions	On-demand; noninterest-bearing;	
Beginning	P–			Unsecured	
Billings	45,488				
Payment	45,488				
Due from affiliate		–	Uncollected insurance premium of	On-demand; noninterest-bearing	Unsecured
Billings	89,816		employees		
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				
Collection	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				

In 2023 and 2022, short-term employee benefit compensation to the Company's key management personnel amounted to ₱5.54 million and ₱5.20 million, respectively. Post-employment benefit compensation to key management personnel amounted to ₱7.05 million and ₱7.04 million in 2023 and 2022, 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, 2023 and 2022 are summarized as follows:

	2023	2022
Commission receivable (Note 6)	13,788,961	8,665,983
Cash in bank (Note 4)	₱8,657,382	₱5,729,532
Short-term investments (Note 5)	4,486,629	2,419,288
Subscription payable (Note 12)	3,287,500	4,287,500
Due to related parties (Note 12)	978,703	1,928,354
Due from related parties (Note 6)	15,251	329,079
Unearned commission (Note 12)	–	–

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 Company 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 2023 and 2022 related to the Hybrid Plan amounted to ₱0.15 million and ₱0.92 million, respectively.

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

2023													
	Net benefit costs recognized in the statement of income					Transfer to (from) the Plan	Remeasurements in other comprehensive income					Subtotal	Contribution by employer
	January 1, 2023	Current service cost	Net interest	Sub Total	Benefits Paid		Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Actuarial changes arising from experience	Changes in the effect of limiting net defined benefit asset to the asset ceiling		
Fair value of plan assets	₱12,186,145	₱–	₱868,932	₱868,932	(₱1,590,416)	₱943,296	(₱682,414)	₱–	₱–	₱–	₱–	(₱682,414)	₱378,353
Present value of defined benefit obligation	(11,861,737)	(681,573)	(855,231)	(1,536,804)	1,590,416	(943,296)	–	(77,863)	(1,183,172)	730,888	–	(530,147)	–
Effect of asset ceiling	(21,817)	–	(1,573)	(1,573)	–	–	–	–	–	–	23,390	23,390	–
Net defined benefit asset (liability)	₱302,591	(₱681,573)	₱12,128	(₱669,445)	₱–	₱–	(₱682,414)	(₱77,863)	(₱1,183,172)	₱730,888	₱23,390	(₱1,189,171)	₱378,353
2022													
	Net benefit costs recognized in the statement of income					Transfer to/ (from) the Plan	Remeasurements in other comprehensive income					Subtotal	Contribution by employer
	January 1, 2022	Current service cost	Net interest	Sub Total	Benefits Paid		Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from demographic assumptions	Actuarial changes arising from financial assumptions	Actuarial changes arising from experience	Changes in the effect of limiting net defined benefit asset to the asset ceiling		
Fair value of plan assets	₱12,188,825	₱–	₱602,862	₱602,862	₱–	(₱795,814)	(₱9,440)	₱–	₱–	₱–	₱–	(₱9,440)	₱199,712
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)	–
Effect of asset ceiling	(244,147)	–	(12,378)	(12,378)	–	–	–	–	–	–	234,708	234,708	–
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

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

	2023	2022
At January 1	(P2,926,696)	(P1,888,655)
Remeasurement loss on defined benefit plan	(1,189,171)	(1,384,054)
Tax effect (Note 17)	297,293	346,013
At December 31	(P3,818,574)	(P2,926,696)

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

	2023	2022
Discount rate	6.09%	7.21%
Salary increase rate	5.00%	5.00%
Average remaining working life	25.50	25.50

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, 2023		
	Increase (decrease)	Effect on defined pension plan
Discount rate	+100 basis points	(P1,064,961)
	-100 basis points	1,227,660
Salary rate	+100 basis points	1,228,790
	-100 basis points	(1,084,892)
December 31, 2022		
	Increase (decrease)	Effect on defined pension plan
Discount rate	+100 basis points	(P991,516)
	-100 basis points	1,140,753
Salary rate	+100 basis points	1,154,743
	-100 basis points	(1,020,020)

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

	2023	2022
Cash and cash equivalents	P1,423,418	P1,997,309
Debt instruments in government bonds	8,223,387	8,365,789
Debt instruments in other bonds	519,257	633,680
Loans receivable	1,803,481	1,022,418
Others	134,353	166,950
	P12,103,896	P12,186,145

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 P0.61 million to the defined pension plan in 2024.

Shown below is the maturity analysis of undiscounted benefit payments:

	2023	2022
Less than one year	P1,044,520	P858,212
More than one year to five years	4,555,336	3,848,210
More than five years to ten years	10,881,318	9,048,246

The average duration of the defined benefit obligation at the end of the reporting period is 8.6 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 P0.94 million and P0.36 million in 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the Company has no contingent rent payable.

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

	2023	2022
Balance at beginning of year	P1,978,757	P1,730,225
Additions	2,446,261	1,979,999
Interest expense	148,531	132,587
Payments	(2,303,857)	(1,864,054)
	2,269,692	1,978,757
Less: current portion	1,462,639	1,545,524
Noncurrent portion	P807,053	P433,233

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

	2023	2022
Depreciation expense of ROU assets included in property and equipment (Note 10)	P2,482,444	P2,011,748
Lease payments relating to short-term leases and leases with low value assets	937,606	246,929
Interest expense on lease liabilities	148,531	132,587
Total amount recognized in statement of income	P3,568,581	P2,391,264

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

	2023	2022
Within one year	₱1,351,162	₱1,629,149
Beyond one year	800,489	444,673
	₱2,151,651	₱2,073,822

17. Income Tax

The Company's provision for income tax consists of:

	2023	2022
Current	₱27,494,339	₱18,829,131
Deferred	—	(1,549,069)
Final	34,893	242,660
	₱27,529,232	₱17,522,722

Income tax payable as of December 31, 2023 and 2022 is 2.32 million and nil, respectively.

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

	2023	2022
Deferred tax assets recognized in profit or loss		
Allowance for impairment loss	₱1,658,085	₱1,658,085
Unamortized past service cost	538,725	538,725
Right-of-use asset, net of lease liability	49,954	49,954
	2,246,764	2,246,764
Deferred tax liabilities recognized in profit or loss:		
Pension asset	(753,920)	(1,051,213)
	1,492,844	(1,195,551)
Net deferred tax asset recognized in OCI		
Remeasurement loss on net pension liability	975,565	975,565
	₱2,468,409	₱2,171,116

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

	2023	2022
Statutory income tax	₱30,794,020	₱20,159,164
Add (deduct) tax effects of:		
Nontaxable income	(2,863,189)	(2,371,614)
Interest income already subjected to final tax	(18,222)	(142,813)
Nondeductible expense	194,027	536,299
Other nontaxable (deductible) income	(577,404)	(642,581)
Provision for income tax	₱27,529,232	₱17,522,722

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, 2023 and 2022, 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 exposures as at December 31, 2023 and 2022.

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, 2023 and 2022, 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, 2023 and 2022:

	2023					Total
	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	
Financial Assets						
Cash and cash equivalents	P16,092,084	P-	P-	P-	P-	P16,092,084
Short-term investments*	-	2,487,624	2,006,600	-	-	4,494,224
Loans and receivables	14,089,077	-	-	-	-	14,089,077
Security deposits**	-	-	-	-	832,610	832,610
Financial assets at FVOCI	-	-	-	-	204,575,763	204,575,763
Total financial assets	P30,181,161	P2,487,624	P2,006,600	P-	P205,408,373	P240,083,758
Financial Liabilities						
Trade and other payables	P6,635,551	P-	P-	P-	P-	P6,635,551
Lease liabilities	-	19,944	98,345	1,232,873	800,489	2,151,652
Total financial liabilities	6,635,551	19,944	98,345	1,232,873	800,489	8,787,203
Net undiscounted cash flows	P23,545,610	P2,467,679	P1,908,255	(P1,232,873)	P204,607,884	P231,296,554

*Amounts includes future interests

**Included in 'Other assets'

	2022					Total
	On demand	Due within 1 month	1 to 3 months	3 to 12 months	Beyond 1 year	
Financial Assets						
Cash and cash equivalents	P9,162,136	P-	P-	P-	P-	P9,162,136
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	P18,474,468	P2,420,014	P-	P-	P91,704,650	P112,599,132
Financial Liabilities						
Trade and other payables	P8,418,356	P-	P-	P-	P-	P8,418,356
Lease liabilities	-	-	-	1,629,149	444,673	2,073,822
Total financial liabilities	8,418,356	-	-	1,629,149	444,673	10,492,178
Net undiscounted cash flows	P10,056,112	P2,420,014	P-	P-	P91,704,650	P104,186,974

*Amounts includes future interests

**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, 2023 and 2022.

Fair Value of Financial Instruments

The methods and assumptions used by the Company in estimating the fair values of its assets and liabilities are:

Cash and cash equivalents, short-term investments, accounts receivable, commission receivables, refundable deposits under 'other asset', trade payables, accrued expenses and other payables
The carrying values approximate their fair values due to their short-term maturities of these instruments. Management believes that the effect of discounting cash flows from these instruments using the prevailing market rates is not significant.

Financial assets at FVOCI

The fair value of unquoted equity securities is estimated based on the fair value of the net assets of investee companies and capital asset pricing model.

Due to related parties

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

Accounts and other payables

Carrying values of accounts and other payables approximate their fair 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.

2023				
	Quoted Price in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total
<i>Asset measured at fair value</i>				
Financial assets at FVOCI	P=	P=	P204,575,763	P204,575,763
<i>Asset for which fair value is disclosed</i>				
Investment properties	–	–	9,292,000	9,292,000
	P=	P=	P213,867,763	P213,867,763

2022				
	Quoted Price in Active Markets	Significant Observable Inputs	Significant Unobservable Inputs	Total
<i>Asset measured at fair value</i>				
Financial assets at FVOCI	P=	P=	P90,687,086	P90,687,086
<i>Asset for which fair value is disclosed</i>				
Investment properties	–	–	9,512,000	9,512,000
	P=	P=	P100,199,086	P100,199,086

Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

Description of significant unobservable inputs to valuation of financial assets at FVOCI under Level 3 of their fair value category follows:

Valuation Technique	Investment	Significant Unobservable Input	Inputs
Adjusted net asset	Matapat Holdings, Inc.	Book value per share	P9.85/share
Adjusted net asset	CMHI	Book value per share	P157.52/share
Adjusted net asset	RMSI	Book value per share	P80.68/share
Adjusted net asset	CMPMI	Book value per share	P118.87/share
CAPM	CPMI	Cost of Equity	13.72%
CAPM	CBI	Cost of Equity	12.40%
CAPM	RBI	Cost of Equity	12.40%
CAPM	SME	Cost of Equity	12.40%

Adjusted net asset value

The Company estimates the fair value of the unquoted equity securities using the adjusted net asset value approach. Below shows the sensitivity of the valuation to various changes in assumption:

Fair value of financial assets at FVOCI	P60,981,633
Alternative scenarios:	
Increase/decrease in book in value per share:	
+10.00%	6,101,175
-10.00%	(6,095,699)

Capital asset pricing model

The Company estimates the fair value of the unquoted equity securities using the capital asset pricing model. Below shows the sensitivity of the valuation to various changes in assumption:

Fair value of financial assets at FVOCI	P143,594,130
Alternative scenarios:	
Increase/decrease in cost of equity:	
+100 basis points	(11,689,790)
- 100 basis points	14,811,364

The use of reasonably possible alternative assumptions in the significant unobservable inputs will affect the fair value of the unquoted equity securities and the OCI (before tax) as presented above.

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 P171.08 million and P115.04 million in 2023 and 2022, respectively.

21. Notes to Statements of Cash Flows

The Company's non-cash activity pertains to additions to ROU assets amounting to P2.51 million and P2.67 million as of December 31, 2023 and 2022, respectively.

22. Approval of the Financial Statements

The accompanying financial statements were authorized for issue by the Company's BOD on April 27, 2024.

23. Supplementary Information Required Under Revenue Regulations 15-2010

The Company reported and/or paid the following types of taxes in 2023:

a. Value-added tax (VAT)

<i>Input VAT</i>	
At January 1	P116,889
Additional	1,706,407
Utilized	(1,319,245)
At December 31	P504,051

During the year, the Company declared Output VAT amounting to ₱20.53 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	₱134,635
Documentary stamp tax	390
LTO Registration	23,982
Others	3,077,937
	<u>3,236,944</u>

National

BIR Registration fee	500
	<u>₱3,237,444</u>

d. Withholding Taxes

Details of withholding taxes follow:

	Total Remittances	Amount Outstanding
Withholding tax on compensation and benefits	₱1,067,475	₱124,736
Expanded withholding taxes	905,210	168,791
	<u>₱1,972,685</u>	<u>₱293,527</u>

Tax Assessments and Cases

The Company received a letter of authority from the Bureau of Internal Revenue for taxable year ended December 31, 2020, to examine their books of accounts and other accounting records for all internal revenue taxes. In 2023, Company has provided all the required documents and settled the LOA.

As at December 31, 2023, 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 BIR.



APPENDICES

PARTNERSHIP

- CARD Pioneer Microinsurance Inc. (CPMI)
- Pioneer Life Insurance (PLI)
- Rimansi Mutual Solutions Insurance Agency (RMSI)
- Philhealthcare Inc

DIRECTORY

HEAD OFFICE

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