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Company Information

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Industry Classification: J68200
Company Type: Stock Corporation

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FS FOR FILING WITH SEC

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A1998-13785

COMPANY NAME

CHINABANK INSURANCE BROKERS, INC. (A Wholly Owned Subsidiary of China Banking Corporation)

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

2/F VGP Center, 6772 Ayala Avenue, Brgy. San Lorenzo, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
insurance-secretary@chinabank.ph	(632) 8885-5760	0935-515-7352

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	Any day in March	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Frankie G. Panis	fgpanis@chinabank.ph	(632) 885-5760	–

CONTACT PERSON's ADDRESS

2/F, VGP Center, 6772 Ayala Avenue, Makati City 1226

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Chinabank Insurance Brokers, Inc.
2/F, VGP Center, 6772 Ayala Avenue
Barangay San Lorenzo, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chinabank Insurance Brokers, Inc. (the Company), a wholly owned subsidiary of China Banking Corporation, which comprise the balance sheets 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.

APR 29 2024

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.

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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.

APR 29 2024

- 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.

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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 21 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Chinabank Insurance Brokers, 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.

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Redgienald G. Radam

Redgienald G. Radam
Partner
CPA Certificate No. 118866
Tax Identification No. 249-000-259
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024
PTR No. 10079995, January 6, 2024, Makati City

April 5, 2024

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

BALANCE SHEETS

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 19)	**₱326,428,519**	₱333,044,602
Receivables (Notes 6 and 19)	**924,989**	1,197,023
Financial assets at fair value through profit or loss (Notes 7 and 19)	**161,661,837**	153,968,214
Other current assets (Note 8)	**58,147,771**	47,642,576
	547,163,116	535,852,415
Noncurrent Assets		
Property and equipment (Note 9)	**18,252,608**	27,277,754
Software costs (Note 10)	**3,320,505**	4,992,787
Deferred tax asset (Note 16)	**12,401,442**	11,719,499
Other noncurrent assets (Note 11)	**6,433,270**	6,433,270
	40,407,825	50,423,310
	₱587,570,941	₱586,275,725
LIABILITIES AND EQUITY		
Current Liabilities		
Payable to insurance principals (Note 12)	**₱2,024,866**	₱4,077,471
Lease liability (Note 13)	**8,463,761**	7,694,772
Accrued expenses (Note 14)	**10,293,881**	11,158,097
Other liabilities (Note 14)	**98,212,049**	141,516,538
	118,994,557	164,446,878
Noncurrent Liabilities		
Lease liability, net of current portion (Note 13)	**3,748,441**	12,163,986
Pension liability (Note 15)	**6,059,499**	2,246,820
	9,807,940	14,410,806
	128,802,497	178,857,684
Equity		
Capital stock – ₱100 par value		
Authorized – 5,000,000 shares		
Issued and outstanding – 1,421,300 shares	**142,130,000**	142,130,000
Retained earnings (Note 17)		
Appropriated	**80,000,000**	80,000,000
Unappropriated	**232,185,819**	176,678,270
Remeasurement gains on retirement plan (Note 15)	**3,830,325**	7,987,471
Other equity – stock grant (Note 17)	**622,300**	622,300
	458,768,444	407,418,041
	₱587,570,941	586,275,725

See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Commission	**₱317,869,648**	₱276,159,998
OPERATING EXPENSES		
Compensation and fringe benefits (Notes 15 and 19)	**86,092,483**	70,209,111
Marketing	**41,234,023**	34,228,739
Depreciation and amortization (Notes 9 and 10)	**13,132,339**	12,725,798
Entertainment, amusement, and recreation	**6,961,867**	5,456,084
Management and professional fees (Note 19)	**6,084,634**	5,615,593
Occupancy	**3,961,182**	1,887,118
Taxes and licenses	**2,659,394**	2,334,754
Transportation and travel	**1,499,233**	266,676
Messengerial and janitorial services	**1,477,510**	1,535,869
Stationery and office supplies	**1,299,646**	845,525
Reversal of impairment losses (Note 11)	**(982,977)**	(2,200,778)
Postage, telephone, and telegraph	**889,439**	784,391
Miscellaneous	**8,149,612**	18,203,233
	172,458,385	151,892,113
NET OPERATING INCOME	**145,411,263**	124,267,885
OTHER INCOME		
Interest (Notes 5, 6 and 19)	**386,934**	392,144
Miscellaneous (Notes 7 and 9)	**7,726,133**	13,665,194
	8,113,067	14,057,338
INCOME BEFORE INCOME TAX	**153,524,330**	138,325,223
PROVISION FOR INCOME TAX (Note 16)	**38,016,781**	34,997,901
NET INCOME	**115,507,549**	103,327,322
OTHER COMPREHENSIVE LOSS		
Item that does not recycle to profit or loss in subsequent periods:		
Remeasurement losses on retirement plan, net of tax (Note 15)	**(4,157,146)**	(1,984,345)
	(4,157,146)	(1,984,345)
TOTAL COMPREHENSIVE INCOME	**₱111,350,403**	₱101,342,977

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See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock	Retained Earnings (Note 17) Appropriated	Retained Earnings (Note 17) Unappropriated	Other Equity – Stock Grant (Note 17)	Remeasurement Gains on Retirement Plan (Note 15)	Total
Balance at January 1, 2023	**₱142,130,000**	**₱80,000,000**	**₱176,678,270**	**₱622,300**	**₱7,987,471**	**₱407,418,041**
Cash dividends declared and paid (Note 17)	–	–	**(60,000,000)**	–	–	**(60,000,000)**
Total comprehensive income	–	–	**115,507,549**	–	**(4,157,146)**	**111,350,403**
Balance at December 31, 2023	**₱142,130,000**	**₱80,000,000**	**₱232,185,819**	**₱622,300**	**₱3,830,325**	**₱458,768,444**
Balance at January 1, 2022	₱142,130,000	₱80,000,000	₱123,350,948	₱622,300	₱9,971,816	₱356,075,064
Cash dividends declared and paid (Note 17)	–	–	(50,000,000)	–	–	(50,000,000)
Total comprehensive income	–	–	103,327,322	–	(1,984,345)	101,342,977
Balance at December 31, 2022	₱142,130,000	₱80,000,000	₱176,678,270	₱622,300	₱7,987,471	₱407,418,041

See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱153,524,330**	₱138,325,223
Adjustments for:		
Depreciation and amortization (Notes 9 and 10)	**13,132,339**	12,725,798
Trading gain on financial assets at fair value through profit or loss (Note 7)	**(7,693,623)**	(2,758,825)
Retirement expense (Note 15)	**2,991,057**	2,583,709
Reversal of impairment losses (Note 11)	**(982,977)**	(2,200,778)
Interest expense (Note 13)	**748,221**	1,094,063
Foreign exchange loss (gain)	**559,490**	(1,654,857)
Interest income (Note 5)	**(386,934)**	(392,144)
Gain on sale of property and equipment (Note 9)	**(2,000)**	(999)
Operating income before working capital changes	**161,889,903**	147,721,190
Decrease (increase) in the amounts of:		
Receivables	**272,034**	5,068,203
Other assets	**(1,084,692)**	(1,849,659)
Increase (decrease) in the amounts of:		
Payable to insurance principals	**(2,052,605)**	(23,843,034)
Accrued expenses	**(864,216)**	6,954,637
Other liabilities	**(43,304,489)**	(12,263,145)
Net cash generated from operations	**114,855,935**	121,788,192
Interest received	**386,934**	392,144
Income taxes paid (Note 16)	**(45,693,672)**	(43,698,835)
Contributions to plan asset (Note 15)	**(4,721,240)**	–
Net cash provided by operating activities	**64,827,957**	78,481,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 9)	**(2,623,985)**	(3,408,950)
Software costs (Note 10)	**–**	(307,617)
Proceeds from sale of:		
Property and equipment (Note 9)	**134,212**	1,000
Net cash used in investing activities	**(2,489,773)**	(3,715,567)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments (Note 13)	**(8,394,777)**	(7,995,027)
Dividends declared and paid to stockholders	**(60,000,000)**	(50,000,000)
Net cash used in financing activities	**(68,394,777)**	(57,995,027)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(6,056,593)**	16,770,907
EFFECTS OF FOREIGN EXCHANGE	**(559,490)**	1,654,857
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**333,044,602**	314,618,838
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱326,428,519**	₱333,044,602

See accompanying Notes to Financial Statements.

CHINABANK INSURANCE BROKERS, INC.
(A Wholly Owned Subsidiary of China Banking Corporation)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Chinabank Insurance Brokers, Inc. (the Company), a wholly owned subsidiary of China Banking Corporation (the Parent Company), was registered with the Philippine Securities and Exchange Commission (SEC) on November 3, 1998 primarily to engage in insurance brokerage business. The Company started its commercial operations on February 24, 1999.

The Company's principal place of business is located at 2/F, VGP Center, 6772 Ayala Avenue, Barangay San Lorenzo, Makati City.

2. Summary of Material Accounting Policies

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVTPL) that have been measured at fair value. The financial statements are presented in Philippine peso (₱), which is also the Company's functional. All amounts are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) as issued by the Financial Reporting Standards Council (FRSC).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year except for the following amendments to PFRS which became effective as of January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new accounting standards did not have any significant impact on the financial statements of the Company:

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

Presentation of Financial Statements
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously.

The Company assesses that it has 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 insolvency or bankruptcy of the Company and all the counterparties.

Income and expenses are not offset in the statement of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Fair Value Measurement

For measurement and disclosure purposes, the Company determines the fair value of an asset or liability at initial measurement date or at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Financial Instruments

Date of recognition

Financial instruments within the scope of PFRS 9 are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, the date that an asset is delivered to or by the Company.

Classification and initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at fair value. Except for financial instruments at FVTPL, transaction costs are added to, or subtracted from, the amount at initial recognition.

Contractual cash flows test

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income (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.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial assets is denominated, and the period for which the interest rate is set.

Business model assessment
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.

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

- Financial assets at amortized cost
- 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)
- Financial assets at FVTPL

As of December 31, 2023 and 2022, the Company's financial assets comprised of financial assets at amortized cost and financial assets at FVTPL.

Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- The asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less allowance for expected credit losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statement of comprehensive income. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes 'Cash and cash equivalents', 'Receivables', 'Claims advances' and 'Rental deposit' under 'Other noncurrent assets'.

The Company may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

Financial assets at FVTPL
Debt instruments that neither meet the amortized cost nor the FVOCI criteria, or that meet the criteria but the Company has chosen to designate as at FVTPL at initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Company irrevocably designates an equity investment that is not held for trading as at FVOCI at initial

recognition. The Company's financial assets at FVTPL include investments in Unit Investment Trust Funds (UITFs) which are held for trading purposes.

Gains and losses arising from changes (mark-to-market) in the fair value of the financial assets at FVTPL are included in 'Other income - miscellaneous' account in the statement of comprehensive income.

Financial liabilities at amortized cost
Issued financial instruments or their components, which are not designated at FVTPL are classified as liabilities under 'Payable to insurance principals', 'Accrued expenses', and 'Other liabilities', where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Financial liabilities at amortized cost are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Impairment of Financial Assets
The Company recognizes an allowance for ECL for all debt financial assets except those classified as at FVTPL. The ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

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).

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes at least 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted.

For trade receivables, the Company applies the simplified approach in calculating ECL since these receivables arise from transactions within the scope of PFRS 15 and do not contain significant financing component. Under the simplified approach, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each balance sheet date. On the other hand, the Company calculates the ECL for its cash in bank by estimating the applicable exposure at default, probability of default, and loss given default.

Derecognition of Financial Instruments

Financial assets

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

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

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

Write-offs

Financial assets are written off either partially or in their entirety when the Company no longer expects collections or recoveries within a foreseeable future. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to provision for credit losses.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

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 a consideration.

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 (IBR) 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. It also applies the lease of low-value assets recognition exemption to assets that are considered to be low-value. 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.

Property and Equipment
Property and equipment are carried at cost, less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance and overhead costs, are charged against current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment loss are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

It is the Company's policy to classify right-of-use assets as part of property and equipment. 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.

Depreciation is computed using the straight-line method over the estimated useful lives (EUL) of the respective assets as follows:

	EUL
Furniture, fixtures and equipment	3 to 5 years
Transportation equipment	5 years
Leasehold improvement	5 years or the related lease terms, whichever is shorter

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.

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

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGUs) are written down to their recoverable amounts.

Software Costs
Costs that are directly associated with identifiable and unique software controlled by the Company and will generate economic benefits exceeding costs beyond one year are capitalized. Direct costs are capitalized during the period of software development and are amortized on a straight-line basis over the expected useful life of 10 years upon completion.

Costs associated with maintaining computer software programs are recognized as expense when incurred.

Expenditures which enhance or extend the performance of software programs beyond their original specifications are recognized as capital improvements and added to the original cost of the software.

The useful life of capitalized software cost is assessed and reviewed periodically. Changes in the expected useful life are accounted for by changing the amortization period and method, as appropriate, and are treated as changes in accounting estimates.

Impairment of Non-financial Assets
At each balance sheet date, the Company assesses whether there is any indication that its non-financial assets (e.g., property and equipment, software cost) may be impaired. When an indicator of impairment exists or when annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the higher of an asset's or a CGU's fair value less costs to sell and its value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Impairment losses are recognized under 'Provision for credit and impairment losses' in the statement of comprehensive income.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against operations in the year in which it arises. A previously recognized impairment loss is reversed by a credit to current operations to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

Equity
Capital stock is measured at par value for all shares issued and outstanding. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Additional paid-in capital' account. If the additional paid-in capital is not sufficient, the excess is charged against the 'Retained earnings.'

When the Company issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

Retained earnings represent accumulated earnings of the Company less dividends declared.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has generally concluded that it is acting as an agent in its revenue arrangements because it does not control the specified goods or services before these are transferred to the customer.

Therefore, the Company's revenue is the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

For revenue stream covered by PFRS 15 (i.e. commission income), the Company exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the five-step model to contracts with customers.

The following revenue recognition criteria must also be met before revenue is recognized:

Commission income
Revenue from commissions is recognized upon collection of insurance premium from policyholders.

Interest income
Interest income on placements is recognized as it accrues, taking into account the effective yield on the assets.

Miscellaneous income
Gain (loss) from investment securities arise from changes in fair value of financial assets at FVTPL. It also includes foreign exchange gains or losses.

Expense Recognition
Expenses are recognized when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. Expenses are recognized when incurred. Costs and expenses encompass losses as well as those expenses that arise in the course of the ordinary activities of the Company.

Income Taxes
Income tax on profit or loss for the year comprises current and deferred taxes. Income tax is determined in accordance with the Philippine Tax Law. Provision for income tax is recognized in the statement of comprehensive income.

Current taxes
Current tax assets and current tax liabilities 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 balance sheet date.

Current tax is recognized in profit or loss, except when they relate to items that are recognized in OCI or directly in equity, in which case, the current and deferred tax are also recognized in OCI or directly in equity, respectively.

Consideration of uncertain tax position
IFRIC 23, *Uncertainty over Income Tax Treatments* requires the Company to consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If the Company concludes that the income tax position is not probable of being accepted, the effect of the uncertainty is reflected in the Company's accounting for income taxes.

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

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 sufficient taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

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

Value-Added Tax (VAT) and Deferred Output VAT
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable. Deferred output VAT pertains to the amount of Output VAT on sales on credit which have not yet been collected as at balance sheet date.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of 'Other current assets' or 'Other liabilities' in the balance sheet.

Retirement Benefits
The Company is covered by a noncontributory defined benefit retirement plan. A defined benefit plan is a retirement plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plan
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the balance sheet date reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined 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:

a. Service costs;
b. Net interest on the net defined benefit liability or asset; and
c. Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs and past service costs are recognized as expense in the statement of comprehensive income. 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 benefit liability or asset is the change during the period in the net defined benefit 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 benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to statement of comprehensive income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund. 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.

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Share-based Payments (Stock Grants)
Employees (including senior executives) of the Company received remuneration in the form of share-based payments (stock grants), whereby employees rendered services as consideration for equity instruments (equity-settled transactions) of the Parent Company. The Parent Company has the obligation to settle the transaction with the Company's employees by providing its own equity instruments.

Events after the Balance Sheet Date
Post year-end events that provide additional information about the Company's balance sheet at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the financial statements when material.

Standards and Interpretation Issued but Not yet Effective
There are new PFRSs, amendments, interpretation and annual improvements, to existing standards which are effective for annual periods subsequent to 2023. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's 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 Judgements and Estimates

The preparation of the financial statements in accordance with PFRS requires the Company to make estimates that affect the amounts reported in the Company's financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Judgements 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

a. Leases – Determining the lease term

The Company's lease contract includes extensions and termination options. The Company exercises judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location to create an economic incentive for it to exercise either the renewal or termination After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimates

a. *Leases - Estimating the incremental borrowing rate*
The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (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 (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

The Company's lease liability amounted to ₱12.21 million and ₱19.86 million as of December 31, 2023 and 2022, respectively (Note 13).

b. *Present value of retirement obligation*
The present value of the pension obligation is determined using actuarial valuation. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions.

The salary projection rate was based on the historical trend of salary increase rate of the Company. The mortality rate was based on the 1994 US Group Annuity Mortality Table. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as at the balance sheet date.

As of December 31, 2023 and 2022, pension liability amounted to ₱6.06 million and ₱2.25 million, respectively. Further details about the assumptions used are disclosed in Note 15.

c. *Recognition of deferred tax assets*
Significant judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination was made.

The Company's estimates of future taxable income indicate that certain temporary differences will be realized in the future. The deferred tax assets recognized as of December 31, 2023 and 2022 amounted to ₱12.40 million and ₱11.72 million, respectively (Note 16).

4. Fair Value Measurement

As at December 31, 2023 and 2022, the carrying values of financial assets and financial liabilities as reflected in the balance sheets and related notes approximate their respective fair values. The fair value adjustments of rental deposit under other noncurrent assets are not significant.

Cash and cash equivalents, Receivables, Payable to insurance principals, Accrued expenses and Other liabilities (excluding statutory payables)
The carrying values approximate their fair values in view of the relatively short-term maturities of these financial instruments.

Financial assets at FVTPL
Fair value of quoted private debt securities are based on quoted market prices. Fair value of money market funds is determined by reference to the published net asset value per unit.

Fair Value Hierarchy
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 each balance sheet date.

The following tables summarize the carrying amount and fair values of the financial instruments, analyzed based on hierarchy described above for determining and disclosing the fair value of financial instruments by valuation technique:

	2023		2022	
	Carrying Value	**Level 2**	Carrying Value	Level 2
Assets measured at fair value				
Financial assets at FVTPL				
Unit investment trust fund	**₱161,661,837**	**₱161,661,837**	₱153,968,214	₱153,968,214

There were no financial instruments classified under Level 1 and 3 in 2023 and 2022. There were no transfers between levels during the year.

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash in bank (Note 19)	**₱326,414,419**	₱333,031,502
Petty cash fund	**14,100**	13,100
	₱326,428,519	₱333,044,602

Cash in bank includes demand deposit accounts which earn interest at the prevailing bank deposit rates and special savings accounts which earn interest at annual rates ranging from 0.05% to 0.13% in 2023 and 2022. Interest income recognized on cash in bank in 2023 and 2022 amounted to ₱0.37 million.

6. Receivables

Receivables include loans and advances to employees, receivables from Social Security System, and claims advances made.

Interest income from loans to employees amounted to ₱0.01 million and ₱0.02 million in 2023 and 2022, respectively.

In its capacity as an insurance broker, the Company collects premiums from policyholders and, after deducting its commissions, remits the premiums to the respective insurance companies. Uncollected premiums from policyholders are receivables that are not recorded in the Company's balance sheets.

As of December 31, 2023 and 2022, the gross amounts of uncollected premiums due from policyholders for contracts sold through the Company's brokerage service amounted to ₱749.85 million and ₱602.63 million, respectively (see Note 12).

7. Financial Assets at Fair Value Through Profit or Loss

As of December 31, 2023 and 2022, financial assets at FVTPL pertain to UITFs placed with the Parent Company's Trust Group. Gains from changes in the fair value amounting to ₱7.69 million and ₱2.76 million in 2023 and 2022, respectively, are included in 'Other income - miscellaneous' in the statements of comprehensive income.

8. Other Current Assets

This account consists of:

	2023	2022
Prepaid taxes	**₱51,916,237**	₱43,535,573
Others	**6,231,534**	4,107,003
	₱58,147,771	₱47,642,576

Prepaid taxes represent income tax credits as evidenced by income tax returns. For the years ended December 31, 2023 and 2022, the Company utilized income tax credits amounting to ₱37.24 million and ₱35.48 million, respectively.

'Others' include input vat and creditable withholding taxes for submission and filing in subsequent period.

9. Property and Equipment

The composition of and movements in this account follow:

	2023				
	Transportation Equipment	Leasehold Improvement	Furniture, Fixtures and Office Equipment	Right-of-use Asset - Office Space	Total
Cost					
At January 1	₱10,196,603	₱7,686,627	₱17,156,800	₱35,826,625	₱70,866,655
Additions	1,827,496	–	796,489	–	2,623,985
Derecognitions	(950,843)	–	–	–	(950,843)
At December 31	11,073,256	7,686,627	17,953,289	35,826,625	72,539,797
Accumulated Depreciation					
At January 1	5,539,735	6,731,232	14,598,842	16,719,092	43,588,901
Depreciation	1,588,932	812,901	1,949,761	7,165,325	11,516,919
Derecognitions	(818,631)	–	–	–	(818,631)
At December 31	6,310,036	7,544,133	16,548,603	23,884,417	54,287,189
Net Book Value at December 31	₱4,763,220	₱142,494	₱1,404,686	₱11,942,208	₱18,252,608

	2022				
	Transportation Equipment	Leasehold Improvement	Furniture, Fixtures and Office Equipment	Right-of-use Asset - Office Space	Total
Cost					
At January 1	₱8,352,317	₱7,442,877	₱16,460,886	₱35,826,625	₱68,082,705
Additions	2,469,286	243,750	695,914	–	3,408,950
Derecognitions	(625,000)	–	–	–	(625,000)
At December 31	10,196,603	7,686,627	17,156,800	35,826,625	70,866,655
Accumulated Depreciation					
At January 1	4,963,878	5,628,510	12,483,677	9,553,767	32,629,832
Depreciation	1,200,856	1,102,722	2,115,165	7,165,325	11,584,068
Derecognitions	(624,999)	–	–	–	(624,999)
At December 31	5,539,735	6,731,232	14,598,842	16,719,092	43,588,901
Net Book Value at December 31	₱4,656,868	₱955,395	₱2,557,958	₱19,107,533	₱27,277,754

In 2023, the Company sold transportation equipment with net book value aggregating to ₱132,212 for a consideration of ₱134,212. In 2022, the Company sold transportation equipment with net book value aggregating to ₱1.00 for a consideration of ₱1,000.

As of December 31, 2023 and 2022, the costs of fully depreciated assets still in use amounted to ₱22.60 million and ₱18.00 million, respectively.

There are no restrictions on titles of property and equipment and the Company does not have any contractual commitment for acquisition of property and equipment as of December 31, 2023 and 2022.

10. Software Costs

The movements in software costs follow:

	2023	2022
Cost		
At January 1	**₱11,898,361**	₱11,590,744
Additions	**–**	307,617
Reclassifications	**(56,862)**	–
At December 31	**11,841,499**	11,898,361
Accumulated Amortization		
At January 1	**6,905,574**	5,763,844
Amortization	**1,615,420**	1,141,730
At December 31	**8,520,994**	6,905,574
Net Book Value at December 31	**₱3,320,505**	₱4,992,787

11. Other Noncurrent Assets

This account consists of:

	2023	2022
Claims advances	**₱4,321,512**	₱5,304,489
Software not yet in use	**4,560,899**	4,560,899
Rental deposit (Note 19)	**1,872,371**	1,872,371
Others	**87,664,356**	87,664,356
	98,419,138	99,402,115
Allowance for impairment losses	**(91,985,868)**	(92,968,845)
	₱6,433,270	₱6,433,270

Claims advances pertain to insurance claims advanced by the Company on behalf of the insurance principals for emergency purposes to policyholders, which are mostly educational institutions. As of December 31, 2023 and 2022, this account has been fully provided for with allowance for impairment losses. The Company reversed allowance for impairment losses on recoveries from claims advances amounting to ₱0.98 million and ₱1.10 million in 2023 and 2022, respectively .

In 2022, the Company incurred software costs amounting to ₱4.56 million which is not yet available for use. The Company expects to utilize the software once it goes live in 2024.

'Others' pertains to miscellaneous assets and CWTs whose related certificates are awaiting submission to the Company amounting to ₱12.88 million. As of December 31, 2023 and 2022, this account has been fully provided for with allowance for impairment losses. CWTs whose related certificates were subsequently received and claimed amounted to ₱1.10 million in 2022.

12. Payable to Insurance Principals

This represents insurance premiums already collected from the policyholders and to be remitted to various insurance companies within 90 days from inception date of the policy. Unremitted insurance premiums are held in a fiduciary capacity and are presented as 'Payable to insurance principals' in the Company's balance sheets.

As of December 31, 2023 and 2022, the amount of premiums that are due to the insurance companies and unpaid by the policyholders for contracts sold through the Company's brokerage service, net of the related commission, amounted to ₱651.76 million and ₱531.14 million, respectively. These amounts are not recognized in the Company's balance sheets (see Note 6).

13. Leases

The Company has a lease contract for its office space for five (5) years from September 1, 2020 to August 31, 2025, with an option to renew the lease term under mutually acceptable terms and conditions. The Company's obligations under its lease are secured by the lessor's title to the leased asset. Generally, the Company is restricted from assigning and subleasing the leased asset.

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

	2023	2022
Depreciation expense of right-of-use asset included in property and equipment (Note 9)	**₱7,165,325**	₱7,165,325
Interest expense on lease liability	**748,221**	1,094,063
	₱7,913,546	₱8,259,388

The interest expense is included under 'miscellaneous expense' account.

The rollforward analysis of lease liability follows:

	2023	2022
As at January 1	**₱19,858,758**	₱26,759,722
Accretion of interest	**748,221**	1,094,063
Payments	**(8,394,777)**	(7,995,027)
As at December 31	**₱12,212,202**	₱19,858,758
Less lease liability, current portion	**(8,463,761)**	(7,694,772)
Lease liability, non-current portion	**₱3,748,441**	₱12,163,986

14. Accrued Expenses and Other Liabilities

Accrued Expenses

Accrued expenses pertains primarily to provision for employee benefits and operating expenses.

Other Liabilities

This account consists of:

	2023	2022
Financial liabilities		
Accounts payable – premium payments	**₱79,202,041**	₱126,636,647
Accounts payable – others	**4,346,987**	2,897,984
	83,549,028	129,534,631
Non-financial liabilities		
VAT payable - net	**10,860,073**	6,524,057
Deferred output VAT	**48,478**	973,424
Others	**3,754,470**	4,484,426
	14,663,021	11,981,907
	₱98,212,049	₱141,516,538

Accounts payable – premium payments include (a) insurance policy premiums collected but not yet due as of balance sheet date; and (b) premium collections received through the Company's authorized banks which cannot be applied due to missing policy information. These premiums will be remitted to the respective insurance companies once due and already applied to the policy.

Accounts payable – others include (a) premiums for refund to policyholders due to excess payments or cancelled policies; (b) bank statement movements with incomplete information; and (c) unreleased operating expense checks.

As of December 31, 2023 and 2022, 'Others' pertains mainly to government contributions and other regulatory payments (i.e., SSS, PHIC, HDMF and withholding taxes).

15. Retirement Plan

The Company has a funded noncontributory defined benefit retirement plan covering substantially all its officers and regular employees. Under this retirement plan, all covered officers and employees are entitled to cash benefits after satisfying certain age and service requirements.

The latest actuarial valuation study of the retirement plan was made as of December 31, 2023.

The funds are administered by the Trust Department of the Parent Company under the supervision of the Retirement Committee. The Retirement Committee is responsible for giving direction to the trustee on the investment of the assets of the fund. The Retirement Committee defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes into account the plan's objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (investment policy). The Retirement Committee delegates the implementation of the investment policy in accordance with the investment strategy as well as various principles and objectives to an Investment Committee, which also consists of members of the Board of Trustees, a Director and a Controller.

The existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

As of December 31, 2023 and 2022, the principal actuarial assumptions used in determining the retirement liability for the Company's retirement plan are shown below:

	2023	2022
Discount rate	**6.03%**	6.79%
Future salary increases	**6.00%**	6.00%

The changes in the defined benefit obligation and fair value of plan assets are as follows:

		Net benefit cost			**Remeasurements in other comprehensive income**						
	January 1, 2023	**Current service cost**	**Net interest**	**Subtotal**	**Return on plan assets (excluding amount included in net interest)**	**Actuarial changes arising from experiences adjustments**	**Actuarial changes arising from changes in demographic assumptions**	**Actuarial changes arising from changes in financial assumptions**	**Subtotal**	**Contribution**	**December 31, 2023**
Present value of defined benefit obligation	**₱14,165,421**	**₱2,838,498**	**₱961,832**	**₱3,800,330**	**₱–**	**₱951,644**	**₱3,206,756**	**₱1,073,120**	**₱5,231,520**	**₱–**	**₱23,197,271**
Fair value of plan assets	**(11,918,601)**	**–**	**(809,273)**	**(809,273)**	**311,342**	**–**	**–**	**–**	**311,342**	**(4,721,240)**	**(17,137,772)**
Net defined benefit liability	**₱2,246,820**	**₱2,838,498**	**₱152,559**	**₱2,991,057**	**₱311,342**	**₱951,644**	**₱3,206,756**	**₱1,073,120**	**₱5,542,862**	**(₱4,721,240)**	**₱6,059,499**

		Net benefit cost			Remeasurements in other comprehensive income							
	January 1, 2022	Current service cost	Net interest	Subtotal	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experiences adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Benefits paid	Transfers to affiliate	December 31, 2022
Present value of defined benefit obligation	₱13,440,340	₱2,707,190	₱556,366	₱3,263,556	₱–	₱2,528,906	₱1,381,376	(₱2,336,186)	1,574,096	(₱4,110,982)	(₱1,589)	₱14,165,421
Fair value of plan assets	(16,421,434)	–	(679,847)	(679,847)	1,071,698	–	–	–	1,071,698	4,110,982	–	(11,918,601)
Net defined benefit liability	(₱2,981,094)	₱2,707,190	(₱123,481)	₱2,583,709	₱1,071,698	₱2,528,906	₱1,381,376	(₱2,336,186)	₱2,645,794	₱–	(₱1,589)	₱2,246,820

The details of the remeasurement losses on retirement plan are as follows:

	2023	2022
At January 1	**₱7,987,471**	₱9,971,816
Remeasurement losses on retirement plan	**(5,542,862)**	(2,645,794)
Deferred tax asset during the year	**1,385,716**	661,449
At December 31	**₱3,830,325**	₱7,987,471

As of December 31, 2023 and 2022, the major categories of plan assets as a percentage of the total plan assets are as follows:

	2023		2022	
	Amount	**%**	Amount	%
Cash equivalents	**₱2,255**	**0.01%**	₱34,946	0.29%
UITFs	**17,050,706**	**99.49%**	11,842,380	99.36%
Other assets	**121,131**	**0.71%**	56,746	0.48%
Other accountabilities	**(36,320)**	**(0.21%)**	(15,471)	(0.13%)
	₱17,137,772	**100.00%**	₱11,918,601	100.00%

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

	2023	2022
Less than one year	**₱–**	₱1,282,127
More than one year to five years	**3,660,005**	556,454
More than five years to 10 years	**18,491,695**	18,694,707
More than 10 years to 15 years	**15,141,788**	6,994,756
More than 15 years to 20 years	**40,076,129**	16,052,527
More than 20 years	**876,018,142**	811,737,669

The average duration of the defined benefit obligation as of December 31, 2023 and 2022 is 15 years and 9 years, respectively considering other contingencies to retirement at age 60 and weighted by the benefit due.

The Company expects to contribute ₱6.07 million to its defined benefit pension plan in 2024.

The sensitivity analysis below, determined based on reasonably possible changes of each significant assumption on the retirement benefit obligation as of the balance sheet date assuming all other assumptions were held constant, illustrates the impact of key assumptions on the retirement benefit obligation:

	Increase (decrease)	
	2023	2022
Discount rate		
+1.00%	**(₱2,167,928)**	(₱906,497)
-1.00%	**2,771,335**	1,116,839
Salary increase rate		
+1.00%	**2,669,901**	1,075,632
-1.00%	**(2,136,123)**	(890,670)

16. Income Tax

Income taxes include corporate income tax, as discussed below, and final taxes paid at the rate of 20.00% and 15.00% on gross Philippine peso and US dollar denominated interest income, respectively, from bank deposits and investments.

Republic Act (RA) No. 9337, An Act Amending National Internal Revenue Code, as amended by RA No. 10963 otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) and RA No. 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE), provides that regular corporate income tax (RCIT) rate shall be 25.00% while interest expense allowed as a deductible expense is reduced to 20.00% of interest income subject to final tax.

A minimum corporate income tax (MCIT) of 1.00% until June 30, 2023 under CREATE on modified gross income is computed and compared with the RCIT. Excess MCIT over RCIT can be used as a tax credit against future income tax liability for the next three years. In addition, any net operating loss carry over (NOLCO) is allowed as a deduction from taxable income in the next three years from the year of inception.

Optional standard deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. Gross income shall mean gross sales less sales returns, discounts and allowances and cost of services. The Company elected to claim itemized deductions instead of OSD in computing for the RCIT in 2023 and 2022.

Revenue Regulations No. 10-2002 defines expenses to be classified as entertainment, amusement and recreation (EAR) expenses and sets a limit for the amount that is deductible for tax purposes. The Company's deductible EAR expenses are limited to 1.00% of net revenues.

<u>TRAIN Law</u>
Republic Act (RA) No. 10963, the Tax Reform for Acceleration and Inclusion (TRAIN), is the first package of the comprehensive tax reform program of the government. The bill was signed into law on December 19, 2017 and took effect on January 1, 2018, amending some provisions of the old Philippine tax system.

Except for resident foreign corporations, which under the said law, is subject to 7.50%, tax on interest income of foreign currency deposit was increased to 15.00% under TRAIN. Documentary stamp tax on bank checks, drafts, certificate of deposit not bearing interest, all debt instruments, bills of exchange, letters of credit, mortgages, deeds and others are now subjected to a higher rate.

<u>CREATE Law</u>
RA No. 11534 otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) was signed into law by President Rodrigo Duterte last March 26, 2021. The law became effective on April 11, 2021, fifteen (15) days after its publication in a newspaper of general circulation on March 27, 2021.

The key changes to the Philippine tax law pursuant to the CREATE Law which have an impact on the Company are the following:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30.00% to 25.00% for domestic and resident foreign corporations.
- Minimum corporate income tax (MCIT) rate reduced from 2.00% to 1.00% of gross income effective July 1, 2020 to June 30, 2023. RMC No. 69-2023 reverts the rate of MCIT to 2% based on the gross income of domestic and resident foreign corporations.
- Interest income of foreign currency remittance transaction deposit received by resident foreign corporations are now subject to 15% final tax.

The provision for income tax consists of:

	2023	2022
Current		
RCIT	₱37,238,456	₱35,484,678
Final tax	74,552	73,921
	37,313,008	35,558,599
Deferred	703,773	(560,698)
	₱38,016,781	₱34,997,901

As of December 31, 2023 and 2022, the details of deferred tax asset follow:

	2023	2022
Deferred tax asset on:		
Allowance for credit losses	₱9,913,543	₱9,913,543
Pension liability	1,514,875	561,704
Past service cost	905,525	1,056,446
Others	67,499	187,806
	₱12,401,442	₱11,719,499

Provision for deferred tax charged directly to OCI amounted to ₱1.39 million and ₱0.66 million in 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the Company did not set up deferred tax assets on allowance for credit and impairment losses amounting to ₱52.33 million and ₱53.31 million, respectively, as management assessed that these will not be realized in the future.

The reconciliation of the statutory income tax to the provision for income tax of the Company follows:

	2023	2022
Statutory income tax	₱38,381,083	₱34,581,306
Tax effects of:		
Nontaxable income	(1,780,509)	(689,706)
Nondeductible expenses	1,681,109	1,675,425
Deferred tax movement	(245,744)	(550,195)
Tax paid income	(19,158)	(18,929)
Provision for income tax	₱38,016,781	₱34,997,901

17. Retained Earnings and Capital Management

Dividends

On February 8, 2022, the BOD declared and approved cash dividends of ₱50.00 million for stockholders on record as of February 8, 2022, payable on March 1, 2022.

On February 21, 2023, the BOD declared and approved cash dividends of ₱60.00 million for stockholders on record as of February 21, 2023, payable on March 1, 2023.

On February 13, 2024, the BOD declared and approved cash dividends of ₱50.00 million for stockholders on record as of February 13, 2024, payable on March 1, 2024.

Reserves

As of December 31, 2023 and 2022, the Company has appropriated retained earnings amounting to ₱80.00 million which consist of ₱50.00 million for system replacement of the Company and ₱30.00 million for contingency fund for claims accommodation.

Section 3, *Exceptions from the prohibition on retention of surplus profits in excess of paid-in capital*, of the SEC Memorandum Circular no. 16 provides circumstances under which retention of excess paid-in capital is justified.

On March 26, 2024, the BOD approved an additional appropriation amounting to ₱50.00 million to reserve funds for contingency fund for claims accommodation, system replacement and other business-related emergencies of the Company. This is in compliance with SEC Circular No. 16 Section 3.

Centennial Stock Grant

As of December 31, 2023 and 2022, the outstanding values of the stock grants awarded by the Ultimate Parent Company to the Company's employees amounted to ₱0.62 million recognized under 'Other equity – stock grants' in the Company's balance sheet.

Capital Management

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

In May 2006, the Insurance Commission (IC) issued Insurance Memorandum Circular (IMC) 1-2006 integrating the compliance standards for the capitalization requirements for insurance brokers and reinsurance brokers. Under this IMC, adequate capitalization for existing brokers and new entrants is essential to attaining sustainable levels of profitability and for the long-term growth of the country's insurance industry.

As of December 31, 2023 and 2022, the Company's net worth is in compliance with the capital requirements of IC.

18. Financial Risk Management Objectives and Policies

The Company's activities are principally related to the use of financial instruments, which consists of cash and cash equivalents, receivables, accrued interest receivables, claims advances, advances to officers and employees, financial assets at FVTPL, other noncurrent assets, accounts payable, accrued expenses and other liabilities (excluding statutory payables). Risks are inherent in these activities but are managed by the Company through a continuous process of identification, measurement, monitoring and mitigation of these risks partly through the effective use of risk and authority limits, process controls and monitoring, and independent controls.

The main objectives of the Company's financial risk management are to identify and monitor possible risks on an ongoing basis, to minimize and mitigate such risks, and to provide a degree of certainty about costs. Exposure to credit, liquidity, foreign currency and market risks arise in the normal course of the Company's business activities.

Credit risk
The Company's exposure to credit risk is minimal as the cash and cash equivalents are deposits with the Parent Company and CBSI. The financial assets at FVTPL pertain to investments in UITFs placed in the Parent Company's Trust Group.

Maximum exposure to credit risk
The carrying values of the Company's financial instruments as reflected in the balance sheets and related notes already represent the financial instruments' maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancements.

The table below shows the credit quality by class of the Company's financial assets as of December 31, 2023 and 2022 (gross of allowance for credit losses):

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Cash and cash equivalents*	**₱326,414,419**	**₱–**	**₱–**	**₱326,414,419**
Receivables	**924,989**	–	–	**924,989**
Financial assets at FVTPL	**161,661,837**	–	–	**161,661,837**
Other noncurrent assets:				
Claims advances	–	–	**4,321,512**	**4,321,512**
Rental Deposit	**1,872,371**	–	–	**1,872,371**
Total	**₱490,873,616**	**₱–**	**₱4,321,512**	**₱495,195,128**

* *Excluding petty cash fund*

	2022			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents*	₱333,031,502	₱–	₱–	₱333,031,502
Receivables	1,197,023	–	–	1,197,023
Financial assets at FVTPL	153,968,214	–	–	153,968,214
Other noncurrent assets:				
Claims advances	–	–	5,304,489	5,304,489
Rental Deposit	1,872,371	–	–	1,872,371
Total	₱490,069,110	₱–	₱5,304,489	₱495,373,599

* *Excluding petty cash fund*

Stage 1 (Neither past due nor specifically impaired) - those that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 (Past due but not specifically impaired) – for financial assets measured at FVTPL that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 30 days past due but do not demonstrate objective evidence of impairment as of balance sheet date.

Stage 3 (Specifically impaired) - those that are considered in default or demonstrate objective evidence of impairment as of balance sheet date.

Impairment assessment
Financial assets at amortized cost
The credit risk for cash and cash equivalents is considered negligible since the counterparty is the Parent Company. Cash in bank is insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱0.50 million for every depositor per banking institution.

The credit risk for other assets, which consist of rental deposits and other receivables, are also considered negligible as the Company has ongoing agreements with the counterparties and the latter are considered to be with sound financial condition.

Liquidity risk
Liquidity risk is the risk of loss to earnings or capital due to the inability to meet funding requirements within a reasonable period of time at a reasonable price.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

The table below summarizes the maturity profile of the Company's financial assets used for liquidity purposes and financial liabilities based on contractual undiscounted payments as of December 31, 2023 and 2022:

	2023				
	On demand and within 1 month	Within 2 to 3 months	Within 3 to 12 months	More than one year	Total
Financial Assets					
Cash and cash equivalents*	₱326,426,781	₱–	₱–	₱–	₱326,426,781
Receivables	924,989	–	–	–	924,989
Financial assets at FVTPL	161,661,837	–	–	–	161,661,837
Other noncurrent assets	–	–	–	1,872,371	1,872,371
	₱489,013,607	₱–	₱–	₱1,872,371	₱490,885,978
Financial Liabilities					
Payable to insurance principals - net	₱2,024,866	₱–	₱–	₱–	₱2,024,866
Accrued expenses	10,293,881	–	–	–	10,293,881
Lease liability	–	2,167,504	6,647,013	3,793,132	12,607,649
Other liabilities:					
Advance premium payments	79,202,041	–	–	–	79,202,041
Accounts payable	4,346,987	–	–	–	4,346,987
	₱95,867,775	₱2,167,504	₱6,647,013	₱3,793,132	₱108,475,424

* *Excluding petty cash fund*

	2022				
	On demand and within 1 month	Within 2 to 3 months	Within 3 to 12 months	More than one year	Total
Financial Assets					
Cash and cash equivalents*	₱333,043,343	₱–	₱–	₱–	₱333,043,343
Receivables	1,197,023	–	–	–	1,197,023
Financial assets at FVTPL	153,968,214	–	–	–	153,968,214
Other noncurrent assets	–	–	–	1,872,371	1,872,371
	₱488,208,580	₱–	₱–	₱1,872,371	₱490,080,951
Financial Liabilities					
Payable to insurance principals - net	₱4,077,471	₱–	₱–	₱–	₱4,077,471
Accrued expenses	11,158,097	–	–	–	11,158,097
Lease liability	–	2,064,290	6,330,488	12,607,649	21,002,427
Other liabilities:					
Advance premium payments	126,636,647	–	–	–	126,636,647
Accounts payable	2,897,984	–	–	–	2,897,984
	₱144,770,199	₱2,064,290	₱6,330,488	₱12,163,986	₱165,772,626

* *Excluding petty cash fund*

The Company's obligation to insurance companies to remit collections from policyholders begins after 90 days from inception date of the policy, thus it is on demand when the account is already more than 90 days. However, the Company is not liable to remit when there is no collection.

Foreign currency risk
The Company's foreign currency exposure arises from US dollar-denominated cash in bank. Approximately 5.51% and 3.53% of the total cash in bank is denominated in US dollar as of December 31, 2023 and 2022, respectively.

Dollar-denominated financial assets are as follows:

	2023	2022
US dollar value	**$324,870**	$210,995
Philippine peso value	**₱17,988,046**	₱11,764,004

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates of ₱55.370 per $1.00 and ₱55.755 per $1.00, with all other variables held constant, of the Company's income before tax (due to changes in the fair value of monetary assets) as of December 31, 2023 and 2022, respectively. There is no other impact on the Company's equity other than those already affecting the statement of comprehensive income.

Increase/decrease in US dollar rate	**Effect on profit before tax**	
	2023	2022
+2.00%	**₱359,761**	₱235,280
-2.00%	**(359,761)**	(235,280)

The increase in exchange rate above represents depreciation of the Philippine Peso while the decrease represents stronger Philippine Peso value.

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Corporate entities are also considered to be related if they are subject to common control or common significant influence. Transactions between related parties are based on terms similar of those offered to non-related parties.

In the ordinary course of business, the Company has normal banking and other transactions with its related parties. The effects of these transactions are reflected in the appropriate accounts in the financial statements.

The significant amount/volume, outstanding balances, and nature, terms and conditions with respect to related party transactions included in the financial statements follow:

Transactions with the Retirement Plan
The retirement fund of the Company's employees amounting to ₱17.14 million and ₱11.92 million as of December 31, 2023 and 2022, respectively, is being managed by the Parent Company's Trust Group.

The Company's retirement plan asset includes investment in UITFs launched by the Trust Department of the Parent Company.

Transactions with Key Management Personnel
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The remuneration of the Company's key management personnel (included under 'Compensation and fringe benefits' in the statements of comprehensive income) amounted to ₱6.74 million and ₱5.33 million for 2023 and 2022, respectively.

Other Related Party Transactions

	2023		2022		
Category	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Balance sheets					
Parent Company					
Cash in bank		**₱251,147,145**		₱265,525,797	These are demand deposit accounts which earn interest at the prevailing bank deposit rates.
Deposits	**₱1,517,549,349**		₱1,496,725,790		
Withdrawals	**(1,532,233,490)**		(1,474,017,814)		
Interest income	**305,489**		299,878		
Financial assets at FVTPL		**161,661,837**		153,968,214	These are money market and cash funds placed in the Trust Group
CBSI (Affiliate)					
Cash in bank		**75,267,274**		67,505,705	These are demand deposit accounts which earn interest at the prevailing bank deposit rates.
Deposits	**256,156,202**		185,402,448		
Withdrawals	**(248,463,982)**		(190,056,058)		
Interest income	**69,349**		71,520		
Security deposit		**1,872,371**		1,872,371	This pertains to rental deposit for office space leased from CBSI (Note 11).
Statements of comprehensive income					
Parent Company					
Management and professional fees	**320,000**		320,000		Fees for services rendered by the Parent Company per service level agreement.
CBSI (Affiliate)					
Management and professional fees	**250,000**		250,000		Payment for the computer services rendered by PCCI.
PCCI (Affiliate)					
Leases	**8,394,777**		7,995,027		Annual rental cost of office space lease from CBSI. The non-cancellable lease is for a period of five years and renewable upon mutual agreement (Note 11).

20. Approval of the Release of Financial Statements

The accompanying financial statements of the Company were authorized for issue by the BOD on April 5, 2024.

21. Supplementary Information Required Under Revenue Regulations 15-2010

In compliance with the requirements set forth by RR No. 15-2010 hereunder are the details of Value-Added Tax (VAT) and other taxes paid or accrued by the Company in 2023.

Input VAT

	Amount
Balance at beginning of year	₱359,074
Current year's purchases:	
Goods other than for resale or manufacture	274,923
Services lodged under other accounts	1,542,923
Claims for tax refund and other adjustments	(1,807,055)
Balance at end of year	₱369,865

Output VAT

The Company is a VAT-registered company with VAT output tax declaration of ₱39.12 million for the year based on the amount of commission income from premiums remitted to insurance companies in 2023 amounting ₱326.03 million. Commission income reported in the Company's financial statements reflect amounts collected or earned from completed brokerage services.

As of December 31, 2023, the Company's output VAT payable amounted to ₱10.49 million. The Company's sales of services are based on actual collections received, hence, may not be the same as amounts recognized in the statement of income.

Withholding Taxes

Details of total remittances of withholding taxes in 2023 and amounts outstanding as of December 31, 2023 are as follows:

	Total Remittance	Balance
Withholding taxes on compensation and benefits	₱6,976,833	₱392,248
Expanded withholding taxes	6,086,552	1,212,891
	₱13,063,385	₱1,605,139

Taxes and Licenses

In 2023, taxes and licenses of the Company consist of:

Business licenses	₱2,531,819
Others	127,575
	₱2,659,394

Tax Assessments

As of December 31, 2023, the Company has no tax assessments received from the BIR.

SGV
Building a better working world

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1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Chinabank Insurance Brokers, Inc.
2/F, VGP Center, 6772 Ayala Avenue
Barangay San Lorenzo, Makati City

We have audited the financial statements of Chinabank Insurance Brokers, Inc. (the Company) as at and for the year ended December 31, 2023, on which we have rendered the attached report dated April 5, 2024.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has one (1) stockholder owning one hundred (100) or more shares.

SYCIP GORRES VELAYO & CO.

Redgienald G. Radam

Redginald G. Radam
Partner
CPA Certificate No. 118866
Tax Identification No. 249-000-259
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-141-2021, April 27, 2021, valid until April 26, 2024
PTR No. 10079995, January 6, 2024, Makati City

April 5, 2024

CHINABANK
INSURANCE BROKERS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **Chinabank Insurance Brokers, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the BOD and stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature ____________________
Patrick D. Cheng
Chairman of the Board

Signature ____________________
Frankie G. Panis
President

Signature ____________________
Maria Victoria A. Dagucon
Acting Treasurer

Signed this 5th day of April 2024.