COVER SHEET

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S.E.C. Registration Number

NATIONAL REINSURANCE
CORPORATION
OF THE PHILIPPINES

(Company's Full Name)

31ST FLOOR AYALA LIFE-FGU
CENTER 6811 AYALA AVENUE
MAKATI CITY

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

REGINA S. RAMOS	988-7400
Contact Person	Company Telephone Number

1 2	3 1	1 7 Q	0 7	1 3 15
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year		**1st Quarter Ending 31 March 2015**	Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

COVER SHEET

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
("PhilNaRe")
(Company's Full Name)

31st Floor, Ayala Life-FGU Centre, 6811 Ayala Avenue, Makati City, Philippines
(Company's Address)

(632) 988-7400
(Telephone Number)

December 31
(Fiscal Year Ending)

July 13 ,2015
(Annual Meeting)

SEC FORM 17-Q
Quarterly Report
1st Quarter Ending 31 March 2015
(Form Type)

Amendment Designation (If applicable)

(Secondary License Type and File Number)

Cashier

LCU

DTU

80118
S.E.C. REG. No.

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS ACT AND SRC RULE 17 (2)(b) THEREUNDER

1. For the quarter ended **31 March 2015**

2. Commission identification Number **80118**

3. BIR Tax Identification Number **000-480-869**

4. **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES doing business under the name and style of Philippine National Reinsurance Company; PhilNaRe**
   Exact name of registrant as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

6. Industry classification code [ ] (SEC Use Only)

7. **31st FLOOR, AYALA LIFE-FGU CENTRE, 6811 AYALA AVENUE MAKATI CITY, PHILIPPINES** **1227**
   Address of registrant's principal office Postal Code

8. **(632) 988-7400**
   Registrant's telephone number, including area code

9. **N/A**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA as of quarter ended:

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	**2,123,605,600**

11. Are any or all of the securities listed on the Philippine Stock Exchange?

    Yes [✓] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period the registrant was required to file such report);

    Yes [✓] No [ ]

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

    Yes [✓] No [ ]

PART 1. - FINANCIAL INFORMATION

Item 1. Financial Statements

The financial statements listed below and covering pages 9 to 38 of this report are filed as part of this Form 17-Q:

a. Statements of Financial Position as of 31 March 2015 and 31 December 2014

b. Statements of Income for the Quarters ended March 2015 and March 2014

c. Statements of Comprehensive Income for the Quarters ended 31 March 2015 and 2014

d. Statements of Changes in Equity as of 31 March 2015 and 2014

e. Statements of Cash Flows for the Quarter ended 31 March 2015 and 2014

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, 1st Quarter, 2015

Results of Operations

Reinsurance Premium Income

Reinsurance premiums for the 1st Quarter 2015 totaled P506.0 million, 7% or P38.1 million lower than P544.1 million in 1st Quarter 2014. The decline was due to a decrease in both non-life facultative reinsurance premiums (P67.2 million) and life reinsurance premium (P7.3 million) respectively. These declines were not sufficiently offset by an increase in reinsurance premiums from the non-life treaty business which increased by 15.3% or P36.4 million from P237.7 million in 1st Quarter 2014 to P274.1 million in 1st quarter 2015.

Likewise, reinsurance premiums retained for the 1st Quarter 2015 decreased by P25.6 million or 11.4% from P224.7 million in 1st Quarter 2014 to P199.1 million in 1st Quarter 2015. As mentioned above, the decline can be traced to a big drop in net premiums retained for facultative business due to non-renewal of certain non-profitable accounts. Retention ratio slightly declined by 2% from 41% in 1st Quarter 2014 to 39% in 1st Quarter 2015.

Premiums earned amounted to P197.5 million and P223.0 million in 1st Quarter 2015 and 1st Quarter 2014 respectively.

Underwriting Deductions

Share in claims and losses decreased by P87.2 million or 45.5% mainly due to lower claims reported during the period as well as decline in both outstanding loss reserves and IBNR (incurred but not reported losses) as of 1st Quarter 2015 compared to loss reserve balances as of December 31, 2014.

Commission net, also decreased by P22.8 million or 33.1% and this translates to a lower commission ratio of 23% in 1st Quarter 2015 from 31% in 1st Quarter 2014. The decline in underwriting deductions of P110.0 million resulted to an underwriting income of P47.0 million in 1st Quarter 2015 compared to a net underwriting loss of P37.6 million in 1st Quarter 2014.

Investment and Other Income (Charges)

Interest income net, decreased by P5.0 million or 7.5% from P66.2 million in 1st Quarter 2014 to P61.2 million in 1st Quarter 2015 mainly due to lower interest rate. However, this was offset by the increases in trading gains and other income net (P8.1 million), dividend income (P3.6 million) and foreign exchange translation gain (P11.5 million).

General and Administrative Expenses

General and administrative expenses (GAE) increased by P6.8 million or 13.2% to P57.9 million for the 1st Qtr. 2015 from P51.2 million in 1st Qtr. 2015 primarily due to increase in professional fees and contract labor relative to ongoing work process improvement which started in January 2015.

Tax expense

The Company's tax expense declined slightly by 3.5% from P12.7 million in 1st Quarter 2014 to P12.3 million in 1st Quarter 2015 due to the lower final tax charged because of the lower interest income earned.

Net Profit

The Company's net profit amounted to P88.2 million in 1st Quarter 2015 compared to a net loss of P8.3 million in 1st Quarter 2014 mainly due to posted underwriting profit of P47.0 million in 1st Quarter 2015 while last year posted an underwriting loss of Php 37.6 million.

Financial Condition

Total resources of the Company as of March 31, 2015 amounted to P12.8 billion, 2% or P262.6 million lower than the December 2014 ending level of P13.1 billion. Material changes in the Company's resources are described below.

- ***Cash and cash equivalents (P738.6M vs.P886.6M)***

  Cash and cash equivalents as of March 31, 2015 decreased by P148.1 million or 16.7% resulting from the proceeds of matured time deposit which was shifted to available for sale financial assets.

- ***Reinsurance Balances Receivable-net (P4.8B vs. P5.2B)***

  Reinsurance balances receivable decreased by 6.4% to P4.8 billion as of March 31, 2015 from P5.2 billion as of December 31, 2014 principally due to lower reinsurance premium acceptances in 1st Quarter 2015 compared to reinsurance premium acceptances in 1st Quarter 2014.

- ***Available for Sale Financial Assets (P6.4B vs. P6.1B)***

  Available for sale (AFS) financial assets increased by P275.7 million or 4.5% to P6,383.4 million as of March 31, 2015 from P6,107.7 million as of December 31, 2014 principally due to matured time deposit placement shifted to available for sale financial assets.

- ***Loans and Receivables (P313.7M vs. P322.3M)***

  Loans and receivables held as investments decreased by 2.7% or P8.6 million from P322.3 million as of 31 December 2014 to P313.7 million as of 1st Qtr. 2015 mainly due to collection of accrued interest income amounting to P14.4 million and partial maturity of term loans amounting to P2.0 million, net of increase in car facility loans and other receivables of P7.8 million.

- ***Property and Equipment, net (P74.6M vs. P76.3M)***

  Property and equipment, net of accumulated depreciation amounted to P74.6 million as of March 31, 2015, a decrease of P1.7 million or 2.3% from December 31, 2014 mainly due to recorded depreciation of P2.9 million being higher than capital expenditures of P1.2 million.

- ***Deferred Acquisition Cost (P42.7M vs. P49.3M)***

  The decrease of P6.6 million or 13.4% in deferred acquisition cost relate to portions of reinsurance commissions that were deferred as of December 31, 2014 under the 24th method and eventually charged to expense in proportion to reinsurance premium revenue.

- ***Deferred Reinsurance Premiums (P87.8M vs.P142.1M)***

  Deferred reinsurance premiums decreased by P54.3 million or 38.2% as of March 31, 2015 due to recognition of a portion of reinsurance premiums deferred as of December 31, 2014 as ceded under the 24th method of reinsurance accounting. Reinsurance premiums are deferred and charged to income over the life of the policies under the 24th method. The decline is also related to the decrease in premium ceded from P319.4 million in 1st Qtr. 2014 to P306.9 million in 1st Qtr. 2015.

- ***Other Assets (P356.9M vs. P344.4M)***

  Other assets increased by P12.5 million or 3.6% to P356.9 million as of March 31, 2015 from P344.4 million as of 31 December 2014 million mainly due to increases in creditable withholding tax (P5.8 million) and input VAT (P6.5 million).

Liabilities (P7.1B vs. P7.5B)

Total liabilities decreased by P448.5 million or 5.9% from P7.5 billion as of 31 December 2014 to P7.1 billion as of March 31, 2015. The increase in total liabilities is explained below:

- ***Reinsurance Balances Payable (P6.6B vs. P7.0B)***

  Reinsurance balances payable decreased by P344.9 million or 4.9% from P7.0 billion as of December 31, 2014 to P6.6 billion as of 1st Qtr. 2015 primarily due to declines in both claims payable and premium retroceded.

- ***Accounts Payable and Accrued Expenses (P98.9M vs. P151.6M)***

  Accounts payable and accrued expenses decreased by P52.6 million or 34.7% from P151.6 million as of 31 December 2014 to P98.9 million as of 1st Qtr. 2015 principally due to settlement of accounts payable, accrued expenses and other payables (P55.0 million) net of increase in deferred output VAT (P1.0 million) and defined benefit liability (P1.4 million).

- ***Reserve for Unearned Reinsurance Premiums (P359.2M vs. P411.9M)***

  Reserve for unearned reinsurance premium decreased by P52.7 million or 12.8% principally due to decline in reinsurance premium income for the 1st Qtr. 2015.

- ***Deferred Reinsurance Commissions (P12.4M vs. P10.8M)***

  Deferred reinsurance commissions increased by P1.7 million or 15.4% reflecting increase in commission income from P25.1 million in 1st Qtr. 2014 to P32.5 million in 1st Qtr. 2015.

- ***Equity (P5.7B vs. P5.6B)***

  Stockholders' equity stood at P5.7 billion as of March 31, 2015 compared to P5.6 billion as of March 31, 2014. The increase in equity of P185.9 million was principally due to favorable mark to market revaluation reserve of P97.7 and reported net income of P88.2 million during the 1st Qtr. 2015.

Key Performance Indicators:

	1st Quarter 2015	1st Quarter 2014	% Inc.(Dec).
1. Net Income (Loss)	P88.2 million	(P 8.3 million)	1167.1%
2. Earnings per share (a)	P 0.04	(P 0.004)	1167.1%
3. Retention ratio (b)	39%	41%	
4. Combined ratio (c)	105%	139%	
5. Return on average equity	1.56%	(0.15%)	

(a) Net income divided by weighted average number of shares issued.

(b) Reinsurance premiums retained divided by reinsurance premiums (gross premiums written or GPW).

(c) Sum of loss ratio (53%/86%) commissions ratio (23% /31%) and expense ratio (29% /23%).

Net Income (NI) - The Company reported a net income of P88.2 million for the 1st Qtr. 2015 as compared to a net loss of P8.3 million for the 1st Qtr. 2014.

Earnings per share (EPS) - The Company's EPS was at P0.04 and (P0.004) as of 1st Qtr. 2015 and 2014, respectively.

Retention ratio - Retention ratio declined from 41% in 1st Qtr. 2014 to 39% in 1st Qtr.2015

Combined ratio—The combined ratio was at 105% and 139% for the 1st Qtr. 2015 and 2014 respectively.

Return on average equity (ROE) –ROE was at 1.56% as of 1st Qtr. 2015 compared to ROE as of 1st Qtr. 2014 of negative 0.15%.

Financial Soundness Indicators

	As of March 31, 2015	As of Dec. 31, 2014
Current Ratio	1.82	1.75
Asset to Equity Ratio	2.24	2.36
Total Liabilities/Equity	1.24	1.36

Discussion and Analysis of Material Events and Uncertainties:

NRCP has nothing to report on the following:

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

b) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c) Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

d) Any material commitments for capital expenditures.

e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

f) Any significant elements of income or loss that did not arise from the issuer’s continuing operations.

g) Any seasonal aspects that had a material effect on the financial condition or results of operations.

Financial Risk Disclosure

The Company’s investments are regulated under the pertinent provisions of the new Insurance Code, otherwise known as Republic Act (R.A.) 10607. The Insurance Code generally requires all insurance companies to obtain prior approval of the Insurance Commission (IC) for any and all investments. The Company provides the IC with a monthly report on all investments made during the previous month. The IC reviews these investment reports and may require the immediate sale or disposal of any investment found to be risky.

A portion of the Company’s funds are invested in equities. Section 207 of the new Insurance Code provides that insurance companies may invest in listed equities of other financial institutions without need of prior approval by the Commissioner.

Beyond the provisions of the Insurance Code, the Company, through its Investment Committee, has established additional guidelines to control the risk inherent in equity investments. The Company’s own investment policy requires that the Company invest only in shares of common stock of companies that are listed on the Philippine Stock Exchange. Furthermore, these listed companies must have profitable business operations and market capitalization which are on a scale that would qualify them as blue chips.

The Company also invests in fixed income securities. The Company attempts to limit interest rate risk by establishing limits on the duration and average maturity of its fixed income portfolio. Investments in fixed income securities are made primarily to ensure adequate cash flow from investments to meet cash requirements. Moreover, investment in fixed income securities are limited only to securities issued by entities of undisputedly strong creditworthiness and to those instruments which have active secondary or resale markets to allow for transparent valuation and immediate liquidation in the event of market turmoil.

A certain portion of the Company's investments are in foreign currencies, particularly the U.S. Dollar. These investments are monitored closely and are limited largely to dollar-denominated obligations backed by the full faith and credit of the Republic of the Philippines (ROP's).

The Company does not invest in foreign securities nor does it invest in complex financial securities or derivatives. The Company's financial assets are generally classified as available-for-sale (AFS) and are measured at fair value. For investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market bid prices at the close of business on the balance sheet date. The Company has not made nor does it intend to make any reclassification of financial assets held as investments.

Other Disclosure

Pursuant to SEC Memorandum Circular No. 8 (Series of 2014), which provides guidance to non-bank financial institutions that are covered by Foreign Account Tax Compliance Act (FATCA) regulations, the Company is still evaluating/assessing the potential effects of FATCA to its business. Based on the regulation, the Company is a 'Non-financial foreign Entity' (NFFE) which may either be an "exempt NFFE" or "non-exempt NFFE". Under the regulations also, excepted NFFEs such as publicly traded corporations are generally exempt from FATCA withholding if a proper FATCA certification is provided to the payor.

PART 11. – OTHER INFORMATION

B. No other material information.

NATIONAL REINSURANCE CORPORATION
OF THE PHILIPPINES
(Registrant)

REGINA S. RAMOS
Vice President & Controller

AUGUSTO HIDALGO
President & Chief Executive Officer

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

STATEMENTS OF FINANCIAL POSITION

March 31, 2015 and December 31, 2014

	Notes	March 2015 (Unaudited)	Dec. 2014 (Audited)	Changes
ASSETS				
CASH AND CASH EQUIVALENTS	3	738,569,449	886,643,838	(148,074,389)
REINSURANCE BALANCES RECEIVABLE-net	4	4,843,585,240	5,175,072,044	(331,486,804)
AVAILABLE-FOR-SALE FINANCIAL ASSETS	5	6,383,433,153	6,107,737,706	275,695,447
LOANS AND RECEIVABLES	6	313,743,071	322,338,295	(8,595,224)
PROPERTY AND EQUIPMENT-NET	7	74,619,154	76,346,345	(1,727,191)
DEFERRED ACQUISITION COST		42,738,350	49,322,031	(6,583,681)
DEFERRED REINSURANCE PREMIUMS	8	87,755,464	142,058,572	(54,303,108)
OTHER ASSETS	9	356,913,788	344,446,320	12,467,468
TOTAL ASSETS		**12,841,357,669**	**13,103,965,151**	**(262,607,482)**
REINSURANCE BALANCES PAYABLE	4	6,629,982,961	6,974,870,479	(344,887,518)
ACCOUNTS PAYABLE & ACCRUED EXPENSES	10	98,907,752	151,554,847	(52,647,095)
RESERVE FOR UNEARNED RI PREMIUMS	8	359,182,250	411,855,614	(52,673,364)
DEFERRED REINSURANCE COMMISSIONS		12,427,315	10,767,573	1,659,742
TOTAL LIABILITIES		**7,100,500,278**	**7,549,048,513**	**(448,548,235)**
EQUITY				
Capital Stock	15	2,181,954,600	2,181,954,600	-
Treasury Stock		(100,525,432)	(100,525,432)	-
Additional Paid in Capital		3,019,218,458	3,019,218,458	-
Remeasurement of the Defined Benefit Liability	14	(73,800,095)	(73,800,095)	-
Revaluation reserve		427,992,600	330,285,833	97,706,767
Retained Earnings		286,017,260	197,783,274	88,233,986
Total Equity		**5,740,857,391**	**5,554,916,638**	**185,940,753**
TOTAL LIABILITIES & EQUITY		**12,841,357,669**	**13,103,965,151**	**(262,607,482)**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME (unaudited)
For the three months ended March 31, 2015 and 2014)

	Notes	2015	2014	Inc(Dec)	%
Reinsurance Premium Income					
Reinsurance premiums-net of returns		506,042,289	544,122,276	(38,079,987)	-7.00%
Retroceded premiums		306,896,637	319,426,036	(12,529,399)	-3.92%
Reinsurance premiums retained		199,145,652	224,696,240	(25,550,588)	-11.37%
(Inc.) dec. in reserve for unearned reinsurance premiums	8	(1,629,744)	(1,683,217)	53,473	3.18%
		197,515,908	223,013,023	(25,497,115)	-11.43%
Underwriting deductions					
Share in claims & losses		104,400,244	191,635,161	(87,234,917)	-45.52%
Commissions, net	12	46,121,674	68,931,506	(22,809,832)	-33.09%
		150,521,918	260,566,667	(110,044,749)	-42.23%
Net Underwriting Income (Loss)		46,993,990	(37,553,644)	84,547,634	225.14%
Interest		61,241,127	66,220,774	(4,979,647)	-7.52%
Foreign currency gain (losses)		1,903,942	(9,645,258)	11,549,200	119.74%
Others		48,278,196	36,577,633	11,700,563	31.99%
Investment and Other Income	11	111,423,265	93,153,149	18,270,116	19.61%
Profit after Investment and Other Income		158,417,255	55,599,505	102,817,750	184.93%
General and Administrative Expenses	13,14	57,927,382	51,167,200	6,760,182	13.21%
Profit Before Tax		100,489,873	4,432,305	96,057,568	2167.21%
Tax Expense		12,255,888	12,700,606	(444,718)	-3.50%
Net Profit		88,233,985	(8,268,301)	96,502,286	1167.14%
Earnings per Share	17	0.04	(0.004)		

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

For the three months ended March 31, 2015 and 2014)

	Notes	2015	PRO-FORMA Dec. 31, 2006	2014	Inc(Dec)	%
NET PROFIT (LOSS)		88,233,985		(8,268,301)	96,502,286	-1167.14%
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	14	-		-	-	
Items that will be reclassified subsequently to profit or loss						
Fair valuation of available for sale (AFS) financial assets						
Fair value gains (loss) during the period		123,247,129		53,904,216		
Fair value gains on disposal of AFS financial assets reclassified to profit or loss		(25,540,362)		(27,180,784)		
	5	97,706,767		26,723,432	70,983,335	265.62%
		97,706,767		26,723,432		
TOTAL COMPREHENSIVE INCOME		**185,940,752**		**18,455,131**	167,485,621	907.53%

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CHANGES IN EQUITY
For the three months ended March 31, 2015 and 2014)

		Capital Stock				Revaluation Reserves		Retained Earnings		
	Notes	No. of Shares	Amount	Additional Paid-in Capital	Treasury Shares - At Cost	Remeasurement of defined Benefit liability	Available for sale securities	Appropriated	Unappropriated	Total Equity
Balance as of January 1, 2015		2,181,954,600	2,181,954,600	3,019,218,458	(100,525,432)	(73,800,095)	330,285,834	270,342,396	(72,559,122)	5,554,916,639
Appropriated for contingencies								8,823,399	(8,823,399)	-
Total comprehensive income (loss) for the period						-	97,706,767		88,233,985	185,940,752
Total equity as of March 31, 2015	15	**2,181,954,600**	**2,181,954,600**	**3,019,218,458**	**(100,525,432)**	**(73,800,095)**	**427,992,601**	**279,165,795**	**6,851,464**	**5,740,857,391**
Balance as of January 1, 2014		2,181,954,600	2,181,954,600	3,019,218,458	(100,525,432)	(101,702,472)	204,821,824	270,342,396	214,330,476	5,688,439,850
Appropriated for contingencies								-	-	-
Total comprehensive income (loss) for the period						-	26,723,432		(8,268,301)	18,455,131
Total equity as of March 31, 2014	15	**2,181,954,600**	**2,181,954,600**	**3,019,218,458**	**(100,525,432)**	**(101,702,472)**	**231,545,256**	**270,342,396**	**206,062,175**	**5,706,894,981**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS (unaudited)
For the three months ended March 31, 2015 and 2014)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 100,489,873	P 4,432,305
Adjustments for:			
Increase in reserve for unearned RI Premiums	8	1,629,744	1,683,217
Unrealized foreign currency loss (gain)		(6,731,435)	9,810,741
Gain on sale of AFS financial assets	11	(39,383,826)	(31,184,417)
Gain on disposal of property and equipment		-	12,944
Depreciation	13	8,405,068	8,353,747
Interest income	11	(61,241,127)	(66,220,774)
Dividend income	11	(10,315,025)	(6,730,930)
Operating income before working capital changes		(7,146,728)	(79,843,167)
(Increase)Dec. in reinsurance balances receivable		328,133,776	1,253,161,846
Decrease (Increase) in deferred acquisition costs		8,243,423	(525,126)
(Increase) in other assets		(17,728,257)	(11,305,741)
(Increase) Decrease in loans and receivables		(5,826,339)	3,820,380
Increase (decrease) in reinsurance balances payable		(342,554,059)	(1,247,423,422)
Increase (decrease) in accounts payable and accrued exp.		(52,647,096)	(15,353,891)
Cash generated from (used in) operations		(89,525,280)	(97,469,121)
Cash paid for income taxes		(12,255,888)	(12,700,606)
Net Cash From (Used in) Operating Activities		**(101,781,168)**	**(110,169,727)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal/maturities of:			
Available-for-sale financial assets		1,168,180,892	1,572,311,703
Property and equipment		45,572	(12,944)
Interest received		75,662,689	82,189,319
Dividends received		10,315,025	6,730,931
Disposals (acquisitions) of:			
Available-for-sale financial assets		(1,304,994,436)	(1,279,236,975)
Intangible assets		(195,973)	-
Property and equipment		(1,266,685)	(1,493,414)
Net Cash From (Used in) Investing Activities		**(52,252,916)**	**380,488,620**
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	**-**
Payment of dividends	15.4	-	-
Net Cash From (Used in) Financing Activities		**-**	**-**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**(154,034,084)**	**270,318,893**
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS		5,959,695	1,142,842
CASH AND CASH EQUIVALENTS -January 1		**886,643,838**	**605,045,799**
CASH AND CASH EQUIVALENTS -March 31		**P 738,569,449**	**P 876,507,534**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Notes and Other Disclosures

1. CORPORATE INFORMATION

National Reinsurance Corporation of the Philippines (the Company) was incorporated on June 7, 1978 by virtue of Presidential Decree No. 1270 (the Decree), as a domestic professional reinsurance firm to provide life and non-life reinsurance capacity to the Philippines and neighboring insurance markets. Under the Decree, it became the vehicle for the Philippine insurance industry's participation in the Asian Reinsurance Corporation (Asian Re), a multi-government-initiated reinsurance entity, based in Bangkok, Thailand, which was established to foster regional cooperation among insurance companies doing business in Asia. The Company's shares are listed in the Philippine Stock Exchange (PSE).

The Company's registered office, which is also its principal place of business, is located at 31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy (BOA). These interim financial statements do not include all the information required for a complete set of financial statements, and should be read in conjunction with the annual financial statements as of December 31, 2014.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2014 that are Relevant to the Company

In 2014, the Company adopted for the first time the following amendments and interpretation to PFRS that are relevant to the Company and effective for financial statements for the annual period beginning on or after January 1, 2014:

PAS 32 (Amendment)	:	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
PAS 36 (Amendment)	:	Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets
PAS 39 (Amendment)	:	Financial Instruments: Recognition and Measurement – Novation of Financial Liabilities Derivatives and Continuation of Hedge Accounting
Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 21	:	Levies

Discussed below are the relevant information about these amended standards and interpretation.

(i) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that an entity must currently have a right of set-off that is not contingent on a future event, and must be legally enforceable in the normal course of business; in the event of default; and, in the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendment also clarifies that gross settlement mechanisms (such as through a clearing house) with features that both eliminate credit and liquidity risks and process receivables and payables in a single settlement process, will satisfy the criterion for net settlement. The Company's existing offsetting and settlement arrangements for its financial instruments with its counterparties are not affected by the amendment; hence, such did not have an impact on the presentation of financial assets and financial liabilities on the Company's financial statements for any periods presented.

(ii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets*. The amendment clarifies that disclosure of information about the recoverable amount of individual asset (including goodwill) or a cash-generating unit is required only when an impairment loss has been recognized or reversed during the reporting period. If the recoverable amount is determined based on the asset's or cash-generating unit's fair value less cost of disposal, additional disclosures on fair value measurement required under PFRS 13, *Fair Value Measurement*, such as but not limited to the fair value hierarchy, valuation technique used and key assumptions applied should be provided in the financial statements. This amendment did not result in additional disclosures in the financial statements since the recoverable amounts of the Company's non-financial assets where impairment losses have been recognized were determined based on value-in-use which have been adequately disclosed in accordance with PAS 36.

(iii) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*. The amendment provides some relief from the requirements on hedge accounting by allowing entities to continue the use of hedge accounting when a derivative is novated to a clearing counterparty resulting in termination or expiration of the original hedging instrument as a consequence of laws and regulations, or the introduction thereof. As the Company neither enters into transactions involving derivative instruments nor does it applies hedge accounting, the amendment did not have any impact on the Company's financial statements.

(iv) Philippine Interpretation IFRIC 21, *Levies*. This interpretation clarifies that the obligating event as one of the criteria under PAS 37, *Provisions*, *Contingent Liabilities and Contingent Assets*, for the recognition of a liability for levy imposed by a government is the activity described in the relevant legislation that triggers the payment of the levy. Accordingly, the liability is recognized in the financial statements progressively if the obligating event occurs over a period of time and if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. This amendment had no significant impact on the Company's financial statements.

(b) Effective in 2014 that are not Relevant to the Company

Among the amendments to PFRS which are effective for annual period beginning on or after January 1, 2014, the Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*, in relation to the exception from consolidation for investment entities of their investment in subsidiaries is not relevant to the Company.

(c) Effective Subsequent to 2014 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2014 which are issued by the FRSC, subject to the approval of the BOA. 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:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from July 1, 2014). The amendment clarifies that if the amount of the contributions from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit.

(ii) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iv) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

The Company does not expect to implement and adopt PFRS 9 (2014) until its effective date. In addition, management is currently assessing the impact of PFRS 9 (2014) on the financial statements of the Company and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(v) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) effective for annual periods beginning on or after July 1, 2014, and to PFRS (2012-2014 Cycle) effective for annual periods beginning on or after January 1, 2016, made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Company but management does not expect those to have material impact on the Company's financial statements:

Annual Improvements to PFRS (2010-2012 Cycle)

(a) PAS 16 (Amendment), *Property, Plant and Equipment,* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment, and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

(b) PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

(c) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment in the basis of conclusion of PFRS 13 clarifies that issuing PFRS 13 and amending certain provisions of PFRS 9 and PAS 39 related to discounting of financial instruments did not remove the ability to measure short-term receivables and payables with no stated interest rate on an undiscounted basis, when the effect of not discounting is immaterial.

Annual Improvements to PFRS (2011-2013 Cycle)

(a) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39 or PFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32.

(b) PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3 and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment

property is an acquisition of an asset or a group of asset in accordance with PAS 40, or a business combination in accordance with PFRS 3.

Annual Improvements to PFRS (2012-2014 Cycle)

(a) PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

(b) PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

3. CASH AND CASH EQUIVALENTS

This account consists of:

		March 2015		December 2014
Short-term placements	**P**	**508,832,800**	P	737,428,357
Cash on hand and in banks		**229,736,649**		149,215,481
	P	**738,569,449**	P	886,643,838

Short-term placements include time deposits and special deposit accounts made for varying periods between one day and one month depending on the liquidity requirements of the Company.

Peso short-term placements earn annual interest rates ranging from 0.25% to 2.0% in 2015 and from 0.25% to 1.88% in 2014 while dollar short-term placements earn annual interest rates ranging from 1.5% to 1.85% in 2015 and from 0.25% to 2.0% in 2014. Cash in banks generally earn interest at rates based on daily bank deposit rates. The Cash and Cash Equivalents account includes foreign currency denominated cash of US$8,312,540 (or P372,368,539) as of March 31, 2015 and US$7,845,611 (or P350,047,638) as of December 31, 2014.

4. REINSURANCE BALANCES

The details of reinsurance balances are as follows:

		March 2015		December 2014
Reinsurance balances receivable:				
Reinsurance recoverable on unpaid losses	P	**3,513,075,638**	P	3,482,729,371
Due from ceding companies		**909,779,549**		1,209,089,581
Reinsurance recoverable on paid losses		**897,945,846**		956,677,133
Funds held by ceding companies		**126,469,937**		130,261,689
		5,447,270,970		5,778,757,774
Allowance for impairment		**(603,685,730)**		(603,685,730)
	P	**4,843,585,240**	P	5,175,072,044

		March 2015		December 2014
Reinsurance balances payable:				
Claims payable	P	**5,878,618,251**	P	5,883,774,181
Due to retrocessionaires		**674,789,695**		1,016,675,866
Funds held for retrocessionaires		**76,575,015**		74,420,432
	P	**6,629,982,961**	P	6,974,870,479

Reinsurance balances receivable pertains to the following:

- Reinsurance recoverable on unpaid losses represents amounts due from retrocessionaires under treaty and facultative agreements as their share in losses.
- Due from ceding companies refers to the premiums receivable from the cedants as a result of treaty and facultative acceptances.
- Funds held by ceding companies pertains to the portion of reinsurance premiums withheld by ceding companies in accordance with treaty and facultative agreements.

Reinsurance balances payable relates to the following:

- Claims payable are losses and claims due to ceding companies under treaty and facultative Agreements, inclusive of provision for IBNR losses.
- Due to retrocessionaires are unremitted share in premiums of retrocessionaires.
- Funds held for retrocessionaires represents portion of the reinsurance premium ceded to retrocessionaires which was withheld by the Company in accordance with treaty and facultative agreements.

All of the Company's reinsurance balances receivable have been reviewed for indicators of impairment. Certain reinsurance balances receivable were found to be impaired and provisions have been recorded accordingly.

A reconciliation of the allowance for impairment at the beginning and quarter end March 2015 and December 2014 is shown below.

		March 2015		December 2014
Balance at the beginning of year	P	**603,685,730**	P	572,562,898
Impairment losses during the year		**-**		31,122,832
Balance at the end	P	**603,685,730**	P	603,685,730

The fair values of these short-term financial assets and liabilities are not individually determined as their carrying amounts are reasonable approximation of their fair values.

5. AFS FINANCIAL ASSETS

This account is composed of the following:

		March 2015		December 2014
Bonds	P	**4,323,545,373**	P	4,049,823,361
Equity securities - net		**2,040,240,024**		1,574,372,297
Investment in Asian Re shares		**4,444,847**		4,444,847
Various funds		**15,202,909**		479,097,201
	P	**6,383,433,153**	P	6,107,737,706

Bonds include investments in corporate bonds, long-term negotiable instruments and government securities. This also includes government securities amounting to P250,000,000 both in March 2015 and December 2014, which are on deposit with the IC as security for the benefit of policyholders and creditors of the Company in accordance with the provisions of the Insurance Code.

Bonds earn interest at annual rates ranging from 2.125% to 15.00% both in March 2015 and December 2014. Interest incomes recognized are presented as part of Investment and Other Income in the statements of income (see Note 11).

The following presents the fair values of investments in bonds by contractual maturity dates:

		March 2015		December 2014
Due within one year	P	**334,700,029**	P	219,072,654
Due after one year through five years		**1,273,889,174**		1,442,173,049
Due after five years through ten years		**1,950,699,582**		1,921,891,112
Due after ten years		**764,256,588**		466,686,546
	P	**4,323,545,373**	P	4,049,823,361

The balance of equity securities classified as available-for-sale financial assets consists of:

		March 2015		December 2014
Cost:				
Quoted in the stock exchange	P	**1,718,495,191**	P	1,388,821,282
Not quoted in the stock exchange		**38,346,335**		38,346,335
	P	**1,756,841,526**	P	1,427,167,617
Fair value gains (losses):				
Quoted in the stock exchange	P	**302,315,706**	P	165,859,088
Not quoted in the stock exchange		**(18,917,208)**		(18,654,408)
	P	**283,398,498**	P	147,204,680
	P	**2,040,240,024**	P	1,574,372,297

Equity securities mainly consist of investments in companies listed in the PSE.

The shares of Asian Re have been issued in the name of the Government of the Philippines (GoP) as the Philippine government's participation in the joint undertaking of Asian countries to organize a reinsurance company that will service the needs of the region. The GoP assigned such shares, including any interest accruing thereon, to the Company. The GoP designated the Company as the national institution authorized to subscribe and pay for the said shares of stock. The shares of stock of Asian Re, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets.

The fair value of investment in ARC shares amounted to P4,444,847 both for March 31, 2015 and December 31, 2014.

The reconciliation of the carrying amounts of available-for-sale financial assets are as follows:

		March 2015		December 2014
Balance at beginning of year	**P**	**6,107,737,707**	P	6,391,696,049
Additions		**1,304,994,441**		1,322,097,053
Disposals/maturities		**(1,128,797,066)**		(1,735,640,365)
Fair value gains(loss) - net		**97,706,767**		125,464,010
Foreign currency gains (losses)		**1,791,304**		4,120,959
Balance at end of period	**P**	**6,383,433,153**	P	6,107,737,706

Changes in fair value of available-for-sale financial assets, net of taxes, recognized as Fair Value Gains (Losses) account under Other Comprehensive Income (Loss) in the statements of comprehensive income amounted to P97,706,767 and P125,464,010 fair value gain in March 2015 and December 2014 respectively.

The fair values of available-for-sale financial assets have been determined directly by reference to published prices in active market. For some investments where fair value is not reliably determinable either through reference of similar instruments or valuation techniques, these are carried at cost.

Various funds pertain to the Company's investment in mutual funds.

6. LOANS AND RECEIVABLES

This account includes the following:

		March 2015		December 2014
Current:				
Term loans	**P**	**-**	P	-
Accrued interest receivable		**40,792,589**		55,214,152
Others		**24,596,258**		18,121,292
	P	**65,388,847**	P	73,335,444
Non-current:				
Term loans	**P**	**243,000,000**	P	245,000,000
Loans receivable		**5,354,224**		4,002,851
	P	**248,354,224**	P	249,002,851
	P	**313,743,071**	P	322,338,295

7. PROPERTY AND EQUIPMENT

Presented below are the gross carrying amounts and accumulated depreciation of property and equipment.

		Cost		Accumulated Depreciation		Net Carrying Amount
Condominium Units	P	101,310,361	P	52,062,269	P	49,248,092
Office Improvement		10,787,040		3,796,966		6,990,074
Office Furniture/Equipment		10,735,793		9,527,553		1,208,240
Transportation Equipment		9,507,857		3,963,666		5,544,191
EDP Equipment		36,907,800		25,279,243		11,628,557
Total	**P**	**169,248,851**	**P**	**94,629,697**	**P**	**74,619,154**

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8. DEFERRED REINSURANCE PREMIUMS AND RESERVE FOR UNEARNED REINSURANCE PREMIUMS

The movement of these accounts follows:

		Deferred Reinsurance Premiums			**Reserve for Unearned Reinsurance Premiums**		
		2015	2014		**2015**		2014
Balance at beginning of year	P	**142,058,572**	218,898,489	P	**411,855,614**	P	541,893,656
Inc (Dec) during the year		**(54,303,108)**	(76,839,917)		**(52,673,364)**		(130,038,042)
Balance at end of period	P	**87,755,464**	142,058,572	P	**359,182,250**		411,855,614

Deferred Reinsurance Premiums pertains to the portion of reinsurance premiums ceded out that relate to the unexpired periods of the policies at the end of each reporting period.

Reserve for Unearned Reinsurance Premiums is the portion of reinsurance premiums assumed that relate to the unexpired periods of the policies at the end of each reporting period.

The difference between the increase in Deferred Reinsurance Premiums and Reserve for Unearned Reinsurance Premiums for the year is presented as Decrease (Increase) in Reserve for Unearned Reinsurance Premiums in the statements of income.

9. OTHER ASSETS

The Other Assets account includes the following:

		March 2015		December 2014
Creditable withholding tax	**P**	**149,904,840**	P	144,083,852
Deferred input VAT		**73,697,180**		74,470,070
Input VAT		**93,321,592**		86,794,566
Intangible assets – net		**15,323,447**		20,582,988
Deferred withholding VAT		**9,202,886**		9,202,886
Prepayments		**5,587,046**		3,248,228
Investment property - net		**2,833,659**		2,834,909
Deposit		**781,923**		791,268
Security fund		**192,888**		192,888
Others		**6,068,327**		2,244,665
	P	**356,913,788**	P	344,446,320

Input VAT pertains to input VAT on commissions paid to ceding companies.

Deferred input VAT includes unapplied input taxes resulting from unpaid premiums on ceded out transaction, unpaid commission to ceding companies and unamortized input vat on capital asset acquisition.

Deferred withholding VAT represents unapplied input taxes resulting from unpaid premiums on ceded out transactions to the company from a certain government entity.

Prepayments include substantially prepaid insurance on property and equipment and group life insurance.

Security fund represents amount deposited with the IC, as required by the Insurance Code, to be used for the payment of valid claims against insolvent insurance companies. The balance of the fund earns interest at rates determined by the IC annually.

Investment property consists mainly of land, with improvements, which are owned for capital appreciation. The changes to the carrying amounts of the investment property can be summarized as follows as of March 2015 and December 2014, respectively.

		March 2015		December 2014
Balance at beginning of year	**P**	**2,834,909**	P	2,839,909
Depreciation and amortization charges for the year		**(1,250)**		(5,000)
Balance at end of period	**P**	**2,833,659**	P	2,834,909

Intangible assets pertain to acquired computer software licenses used in production and administration. The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of March 31, 2015 and December 31, 2014 follows:

		March 2015		December 2014
Cost	**P**	**111,441,647**	P	111,245,674
Accumulated amortization		**(96,118,200)**		(90,662,686)
Balance at end of period	**P**	**15,323,447**	P	20,582,988

10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account includes the following:

		March 2015		December 2014
Accounts payable	**P**	**28,332,950**	P	50,362,325
Deferred output VAT		**34,057,724**		33,087,669
Accrued expenses		**23,868,308**		30,857,886
Defined benefit liability		**9,227,709**		7,786,976
Withholding taxes payable		**2,772,790**		6,959,043
Other liabilities		**648,271**		22,500,948
	P	**98,907,752**	P	151,554,847

Management considers the carrying amounts of accounts payable and accrued expenses recognized in the statements of financial position to be a reasonable approximation of their fair values due to their short duration.

11. INVESTMENT AND OTHER INCOME

The details of this account follow:

		March 2015		March 2014
Interest	P	**61,241,127**	P	66,220,774
Gain on sale of stocks		**13,131,044**		14,295,414
Dividend income		**10,315,025**		6,730,931
Foreign exchange gain(loss)		**1,903,942**		(9,645,258)
Trading gains		**26,252,782**		16,889,003
Gain(loss) on sale of property & equipment		**-**		(12,944)
Other income (charges)		**(1,420,655)**		(1,324,771)
	P	**111,423,265**	P	93,153,149

12. UNDERWRITING DEDUCTIONS

a. ***Share in Claims and Losses***

This account represents the aggregate amount of the Company's share in net losses and claims relative to its acceptances under treaty and facultative reinsurances.

b. ***Commissions*** *– net*

This account consists of the following:

		March 2015		March 2014
Commission expense	P	**70,367,188**	P	94,549,751
Reinsurance revenues		**(24,245,514)**		(25,618,245)
	P	**46,121,674**	P	68,931,506

Commission expense refers to fees deducted by ceding companies from reinsurance premiums assumed during the period under treaty and facultative agreements.

Reinsurance revenues pertain to fees charged by the Company related to reinsurance premiums retroceded during the period under treaty and facultative agreements.

13. GENERAL AMD ADMINISTRATIVE EXPENSES

The details of this account follow:

		March 2015		March 2014
Salaries and employee benefits	P	**26,207,935**	P	29,874,770
Depreciation and amortization		**8,405,068**		8,353,747
Professional fees		**9,835,880**		3,357,963
Repairs and maintenance		**1,934,254**		2,327,907
Taxes, licenses and fees		**1,064,144**		989,627
Transportation and traveling		**598,019**		611,547
Light and water		**624,038**		283,872
Representation and entertainment		**109,464**		631,664
Contract labor		**3,330,478**		396,173
Association and pool expense		**643,496**		802,772
Rental		**655,480**		675,709
Communication and postages		**451,591**		490,941
Printing and office supplies		**231,000**		210,460
Advertising and publicity		**73,000**		157,925
Insurance		**221,529**		246,213
Miscellaneous		**3,542,006**		1,755,910
	P	**57,927,382**	P	51,167,200

14. SALARIES AND EMPLOYEE BENEFITS

14.1 Salaries, Wages and Employee Benefit Expense

Expenses recognized for employee benefits are presented below.

		March 2015		March 2014
Short-term employee benefits	**P**	**24,767,202**	P	24,303,964
Post-employment defined benefit		**1,440,733**		2,685,506
Compensated absences		**-**		2,885,300
	P	**26,207,935**	P	29,874,770

14.2 Post-employment Defined Benefit

(a) Characteristics of the Defined Benefit Plan

The Company maintains a wholly-funded, tax-qualified, non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions.

The normal retirement age is 60 with a minimum of 10 years of credited service. The plan also provides for an early retirement at age 50 with a minimum of 10 years of credited service. Normal retirement benefit is an amount equivalent to 175% of the final monthly covered compensation (average monthly basic salary during the last 12 months of credited service) for every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation report obtained from an independent actuary in 2014 and 2013.

The amounts of defined benefit liability (presented as part of Accounts Payable and Accrued Expenses – see Note 10) recognized in the statements of financial position are determined as follows:

		March 2015		December 2014		December 2013
Present value of the obligation	**P**	**90,007,834**	P	90,007,834	P	144,762,543
Fair value of plan assets		**(82,220,858)**		(82,220,858)		(80,333,128)
Defined benefit liability	**P**	**7,786,976**	P	7,786,976	P	64,429,415

The movements in the present value of the retirement benefit obligation are as follows:

		March 2015		December 2014		December 2013
Balance at beginning of year	**P**	**144,762,543**	P	144,762,543	**P**	174,933,081
Current service cost		**8,222,834**		8,222,834		9,581,702
Interest Expenses		**5,660,215**		5,660,215		9,096,520
Remeasurement on actuarial losses (gains) arising from:						
Changes in financial assumptions		**(1,153,040)**		(1,153,040)		11,708,682
Changes in demographic assumptions		**-**		-		25,294
Experience adjustments		**(16,495,240)**		(16,495,240)		921,633
Benefits paid by the plan		**(64,761,977)**		(64,761,977)		(61,339,398)
Settlement gain		**13,772,499**		13,772,499		(164,971)
Balance at end of period	**P**	**90,007,834**	P	90,007,834	**P**	144,762,543

The movement in the fair value of plan assets is presented below.

		March 2015		December 2014		December 2013
Balance at beginning of year	**P**	**80,333,128**	P	80,333,128	P	80,951,387
Interest income		**3,141,025**		3,141,025		4,209,472
Return on plan assets (excluding amounts included in net interest)		**10,254,097**		10,254,097		2,261,487
Contributions paid into the plan		**53,254,585**		53,254,585		54,250,180
Benefits paid by the plan		**(64,761,977)**		(64,761,977)		(61,339,398)
Balance at end of period	**P**	**82,220,858**	P	82,220,858	P	80,333,128

The plan assets as of March 2015 & December 2014 consist of:

		March 2015		December 2014		December 2013
Cash and cash equivalents	**P**	**19,798,028**	P	19,798,028	P	4,798,403
Equity securities		**24,152,947**		24,152,947		26,137,227
Government securities		**48,892,150**		48,892,150		49,159,686
Loans and receivables		**293,162**		293,162		237,812
Benefits payable		**(10,773,889)**		(10,773,889)		-
Accounts payable		**(141,540)**		(141,540)		-
Balance at end of period	**P**	**82,220,858**	P	**82,220,858**	P	**80,333,128**

The fair values of the equity and government bonds are determined based on quoted market prices in active markets.

The plan assets earned a return of P13.4 million in 2014 and P6.5 million in 2013.

Plan assets do not comprise any of the Company's own financial instruments or any of its assets occupied and/or used in its operations.

The components of amounts recognized in profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are as follows:

		March 2015		December 2014		December 2013
Reported in profit or loss:						
Current service cost	P	**8,222,834**	P	8,222,834	P	9,581,702
Settlement gain		**13,772,499**		13,772,499		(164,971)
Net interest expense		**2,519,190**		2,519,190		4,887,048
	P	**24,514,523**	P	24,514,523	P	14,303,779
Reported in other comprehensive loss (income):						
Actuarial losses arising from changes in:						
Financial assumptions	**P**	**(1,153,040)**	P	(1,153,040)	P	11,708,682
Experience adjustments		**(16,495,240)**		(16,495,240)		921,633
Demographic assumptions		**-**		-		25,294.00
Return on plan assets (excluding amounts included in net interest)		**(10,254,097)**		(10,254,097)		(2,261,487)
	P	**(27,902,377)**	P	(27,902,377)	P	10,394,122

Current service cost and settlement gain are presented as part of Salaries and employee benefits; while net interest expense is presented as Finance costs. These accounts are presented in the statements of income under General and administrative expenses (see Note 13).

Amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

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

	March 2015	2014	2013
Discount rates	**4.10%**	4.10%	5.20%
Expected rate of salary increase	**5.0%**	5.0%	5.0%
Employee turn-over rate	**10.0%**	10.0%	5.0% to 9.5%

15. EQUITY

15.1 Capital Stock

Capital stock (net of Treasury Shares–see Note 15.2) consists of common shares with P1 par value per share with details as follows:

	Number of Shares		
	March 2015	2014	2013
Authorized – 3,000,000,000 shares			
Issued and outstanding			
Balance at beginning of year	**2,123,605,600**	2,123,605,600	2,123,605,600
Reacquired during the year	**-**	-	-
Balance at end of year	**2,123,605,600**	2,123,605,600	2,123,605,600

	Amount		
	March 2015	2014	2013
Authorized – 3,000,000,000 shares			
Issued and outstanding			
Balance at beginning of year	**P2,123,605,600**	P2,123,605,600	P 2,123,605,600
Reacquired during the year	**-**	-	-
Balance at end of year	**P2,123,605,600**	P2,123,605,600	P 2,123,605,600

On April 27, 2007, the SEC approved the listing of the Company's shares totalling 741,902,600. The shares were initially issued at an offer price of P3.80 per share. As of March 31, 2015 and December 31 2014, there are 281 & 282 holders of the listed shares, respectively. Such listed shares closed at P1.09 and P0.90 per share, as of those dates, respectively,

15.2 Treasury Shares

In 2011, the Company acquired 36,072,000 of its own shares at a total cost of P60,443,621. There are no treasury stock transactions in March 2015 and 2014. As of December 31, 2014 and 2013, total shares in treasury is 58,349,000 amounting to P100,525,432.

15.3 Appropriation for Contingencies

On April 18, 1989, the Company's BOD approved the establishment of a special reserve which will serve as cushion to the paid-up capital in the event of extraordinarily high loss occurrences or severe catastrophic losses. As such, at December 31 of each year where there is profit, 10% of such profit is set aside as additional reserve for contingencies. The reserve balance, which is shown as Appropriated under Retained Earnings account in the statements of changes in equity, should not exceed, at any time, the amount of paid-up capital. The balance of appropriation for contingencies amounted to P279,165,795 as of March 31, 2015 and P270,342,396 as of December 2014 and 2013, respectively.

15.4 Declaration of Cash Dividends

The BOD approved the declaration of cash dividends of P0.02 per share (or a total of P42,472,112) on May 16, 2013 and P0.10 per share (or a total of P212,360,560) on May 17, 2012, payable to stockholders of record as of June 14, 2013, and June 1, 2012, respectively. The total outstanding dividends payable amounted to 2,542,536 both in March 31, 2015 and December 2014.

16. RELATED PARTY TRANSACTIONS

The Company's related parties include its principal stockholders, related parties under common ownership, retirement plan and the Company's key management personnel with which the Company had transactions as described below.

16.1 Reinsurance Contracts with Related Parties

The Company accepts and cedes insurance business under various reinsurance contracts with related parties. The details of which follow:

	March 2015				December 2014			
		Stockholders		**Related Parties Under Common Ownership**		Stockholders		Related Parties Under Common Ownership
Premiums	**P**	**85,000,486**	**P**	**12,669,784**	P	353,442,391	P	49,545,015
Retrocessions		**897,075**		**(390,383)**		908,118		811,770
Commission income		**59,105**		**-**		31,626		-
Commission expenses		**19,859,834**		**-**		108,042,840		-
Losses incurred		**56,731,338**		**0**		150,150,352		3,950,722
Losses recoveries	**P**	**-**	**P**	**(30,953.00)**		39		388,699

As a result of the above transactions, reinsurance balances receivable from and payable to related parties are as follows (see Note 4):

	March 2015				December 2014	
		Stockholders		**Related Parties Under Common Ownership**	Stockholders	Related Parties Under Common Ownership
Due from ceding cos.	**P**	**209,939,654**	**P**	**61,816,597**	217,855,945	48,406,620
RI recoverable on losses		**92,525,043**		**-**	89,291,265	-
Funds held by ced. cos.		**72,797,618**		**-**	64,021,845	-
Claims payable		**1,351,028,620**		**4,458,459**	1,342,005,997	6,499,019
Due to Retrocessionaires		**8,242,040**		**337,123**	7,192,935	1,895,203
Funds held for retro	**P**	**164,032**	**P**	**-**	164,032	-

The balance of due from ceding companies pertaining to related parties is presented net of P37.3 million allowance for impairment both in March 31, 2015 and December 31, 2014. There are no other impairment losses recognized on other receivables.

16.2 Other Transactions

The Company's other transactions with related parties follow:

		March 2015		December 2014	
		Amount of Transactions	**Outstanding Balance**	Amount of Transactions	Outstanding Balance
Stockholder:					
Cash & cash equivalent	(a)	**877,484**	**5,599,492**	1,761,206	4,722,008
AFS financial assets	(b)	**-**	**-**	-	-
Interest Income-Bank accounts	(a)	**5,861**	**-**	25,550	-
Interest Income-AFS Financial assets	(b)	**-**	**-**	**-**	-
Trading gain	(b)	**-**			
Service fees	(d)	**-**	**-**	(64,655)	-
Related Party Under Common Ownership					
Cash & Cash equivalent	(a)	**(111,856,232)**	**176,384,396**	102,834,993	288,240,628
AFS financial assets	(b)	**(76,374,397)**	**159,290,000**	48,368,650	235,664,397
Loans and receivables	(c)	**(1,620,182)**	**525,138**	(1,055,988)	2,145,320
Interest Income-Bank accounts	(a)	**706,645**	**-**	2,452,830	-
Interest Income-AFS Financial assets	(b)	**2,563,265**	**-**	10,469,169	-
Interest income-Loans and receivables	(c)	**-**	**-**	-	-
Trading gain	(b)	**-**		-	
Service fees	(d)	**-**		(1,168)	

(a) Cash and Cash Equivalent
The Company maintains several savings and current accounts with a stockholder and related party under common ownership. Interest income recognized is presented as part of interest income under Investment and Other Income in the statements of income (see Note 11).

(b) AFS Financial Assets
The Company has AFS financial assets with a stockholder and related party under common ownership. Relative to these transactions, the Company recognized interest income and trading gains which are presented as part of Investment and Other Income in the statements of income (see Note 11).

(c) Loans and Receivables
The Company has term loans with certain related parties under common ownership. Relative to this, the Company recognized interest income which are presented as part of interest income under Investment and Other Income in the statements of income (see Note 11). The term loan is unsecured and earns interest of 5.00% to 5.50% in March 2015 and December 2014. As of March 31, 2015, management assessed that these term loans are not impaired.

(d) Investment Management and Custodianship
The Company has entered into agreements known as "Investment Management Agreement" and "Custodianship Agreement" with a stockholder and an affiliate bank for the management and

custodianship of certain investible funds of the Company subject to terms and conditions in the said agreements. In consideration for the services rendered, the Company pays the stockholder and the affiliate bank service fees equivalent to a certain percentage of the market value of the investments. Total service fees paid is charged against Other income (charges) under Investment and Other Income account (see Note 11) in the statements of income. There are no outstanding liabilities from these transactions as of March 31, 2015 and December 31, 2014.

16.3 Retirement Fund Investment Management

In 2007, the Company entered into a "Retirement Fund Investment Management Agreement" with its stockholder for the management of the investments of the Company's retirement funds subject to the terms and conditions in the said agreement.

16.4 Transactions with Retirement Fund

As discussed in Note 16.2, the Company maintains a wholly-funded, tax-qualified, non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees. The Company has no other transaction with its retirement fund in 2014 and 2013 except for its contribution of P53,254,585 and P54,250,180, respectively.

16.5 Key Management Personnel Compensation

The compensation of key management personnel is broken down as follows:

	March 2015	March 2014
Short-term benefits	**P 11,342,640**	P 6,479,190
Post-employment benefits	**1,112,991**	559,185
	P 12,455,631	P 7,038,375

17. Earnings (loss) Per Share

The earnings per share amounts are as follows:

	March 2015	March 2014
Net income (loss) available to common shareholders	**P 88,233,985**	(P 8,268,301)
Divided by the average number of outstanding common shares	**2,123,605,600**	2,123,605,600
	P 0.04	(P 0.004)

18. Categories and offsetting of financial assets and liabilities

18.1. Comparison of Carrying Amounts and Fair Values

The carrying amounts and fair values of the categories of financial assets and liabilities presented in the statements of financial position are shown below.

		March 2015				December 2014			
	Notes		Carrying Values		Fair Values		Carrying Values		Fair Values
Financial assets									
Loans and receivables:									
Cash and cash equivalents		**P**	**738,569,449**	**P**	**738,569,449**	P	886,643,838	P	886,643,838
Reinsurance balances receivables			**4,843,585,240**		**4,843,585,240**		5,175,072,044		5,175,072,044
Loans and receivables			**313,743,071**		**313,743,071**		322,338,295		322,338,295
		P	**5,895,897,760**	**P**	**5,895,897,760**	P	6,384,054,177	P	6,384,054,177
AFS financial assets:									
Debt securities		**P**	**4,323,545,373**	**P**	**4,323,545,373**	P	4,049,823,361	P	4,049,823,361
Equity securities			**2,040,240,024**		**2,040,240,024**		1,574,372,297		1,574,372,297
Investment in ARC			**4,444,847**		**4,444,847**		4,444,847		4,444,847
Various funds			**15,202,909**		**15,202,909**		479,097,201		479,097,201
		P	**6,383,433,153**	**P**	**6,383,433,153**	P	6,107,737,706	P	6,107,737,706
Financial liabilities									
Financial liabilities at amortized cost									
Reinsurance balances payable		**P**	**6,629,982,961**	**P**	**6,629,982,961**	P	6,974,870,479	P	6,974,870,479
Accounts payable and other accrued expenses			**52,849,528**		**52,849,528**		83,221,159		83,221,159
		P	**6,682,832,489**	**P**	**6,682,832,489**	P	7,058,091,638	P	7,058,091,638

Due to the short-term duration, management considers the carrying values of the Company's financial assets and financial liabilities approximate their fair values as of the end of the reporting periods.

18.2 Offsetting of Financial Assets and Financial Liabilities

For financial assets and financial liabilities, particularly, reinsurance balances, subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties, including related parties, allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

Reinsurance balances as at March 2015 and December 2014 are as follows.

	Note		March 2015		December 2014
Reinsurance balances receivable	4	**P**	**4,843,585,240**	P	5,778,757,774
Reinsurance balances payable	4		**6,629,982,961**		6,974,870,479

19. Fair value measurement and disclosures

19.1 Fair Value Hierarchy

In accordance with PFRS 13, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

ii. Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

iii. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

19.2 Financial Instruments Measured at Fair Value

The table below shows the fair value hierarchy of the Company's financial assets and financial liabilities measured at fair value in the statements of financial position on a recurring basis, as of March 31, 2015 and December 31, 2014 (amounts in thousand Philippine Peso).

	Level 1	**Level 2**	**Level 3**	**Total**
March 31, 2015				
AFS financial assets	**P 4,912,811**	**P 34,632**	**P 398,830**	**P 5,346,273**
December 31, 2014				
AFS financial assets	P 3,980,728	P 498,789	P 590,796	P 5,070,313

The Company's AFS financial assets includes certain investments measured at cost amounting to P1,137,160 and P1,037,425 (amounts in thousand Philippine Peso) as of March 31, 2015 and December 31, 2014, respectively.

The Company has no financial liabilities measured at fair value as of March 31, 2015 and December 31, 2014.

There were neither transfers between Levels 1 and 2 nor changes in Level 3 instruments in both years.

Described below are the information about how the fair values of the Company's classes of financial assets are determined.

a) Equity securities

As of March 31, 2015 and December 31, 2014, instruments included in Level 1 comprise equity securities classified as AFS financial assets. These securities were valued based on their market prices quoted in the Philippine stock exchanges at the end of each reporting period.

Golf club shares classified as AFS financial assets are included in Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity security held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured by reference to the fair value of a comparable instrument adjusted for inputs internally developed by management to consider the differences in corporate profile and historical performance of the entity.

b) Debt securities

The fair value of the Company's debt securities which consist of government and corporate bonds is estimated by reference to quoted bid price in active market at the end of the reporting period and is categorized within Level 1.

19.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the March 2015 statement of financial position but for which fair value is disclosed.

		Level 1		Level 2		Level 3		Total
Financial assets:								
Cash and cash equivalents	P	738,569,449	P	-	P	-	P	738,569,449
Reinsurance balances receivables						4,843,585,240		4,843,585,240
Loans and receivables						313,743,071		313,743,071
	P	**738,569,449**	**P**	**-**	**P**	**5,157,328,311**	**P**	**5,895,897,760**
Financial liabilities:								
Reinsurance balances payable	P	-	P	-	P	6,629,982,961	P	6,629,982,961
Accounts payable and other accrued expenses						52,849,528		52,849,528
	P	**-**	**P**	**-**	**P**	**6,682,832,489**	**P**	**6,682,832,489**

For financial assets, other than AFS investments, with fair values included in Level 1, management considers that the carrying amounts of those short-term financial instruments approximate their fair values.

The fair values of the financial assets and financial liabilities included in Level 3 above which are not traded in an active market is determined by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

19.4 Fair Value Measurement for Non-financial Assets

The Company used market comparable approach as a valuation technique in measuring the fair values of its investment properties to arrive at fair values that are more representative of the investment properties' highest and best use. As of March 31, 2015 and December 31, 2014, the fair values of the investment properties is P5,880,000, respectively, and are classified as under Level 3 of the fair value hierarchy. The most significant input into this valuation approach is the price per square meter, hence, the higher the price per square meter, the higher the fair value.

20. Other SEC requirements

The following information, as a minimum, should be disclosed in the notes to financial statements, if material and if not disclosed elsewhere in the interim financial report:

• Explanatory comments about the seasonality or cyclicality of interim operations	• Nothing to report.
• The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents	• Nothing to report.
• The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported prior financial years, if those changes have a material effect in the current interim period	• Nothing to report.
• Issuances, repurchases, and repayments of debt and equity securities	• Nothing to report.
• Dividends paid (aggregate or per share) separately for ordinary shares and other shares	• Nothing to report.
• Segment revenue and segment result for business segments or geographical segments, whichever is the issuer's primary basis of segment reporting. (This shall be provided only if the issuer is required to disclose segment information in its annual financial statements)	• Nothing to report.
• Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	• Nothing to report

• The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	• Nothing to report.
• Changes in contingent liabilities or contingent assets since the last annual balance sheet date	• Nothing to report.
• Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period.	• Nothing to report.

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AGING OF REINSURANCE BALANCES RECEIVABLE

As of March 31, 2015
(In million pesos)

	Total	Below 360 days	Over 360 days
Due from Ceding Companies	910	697	213
Reinsurance recoverable on paid losses	898	257	641
Reinsurance recoverable un unpaid losses	3,513	3,513	-
Funds Held by Ceding companies	126	126	-
	5,447	4,593	854
Allowance for impairment*	(603)		
	4,844		

*Our policy on providing provision on receivables of more than one year is by specific identification method and each account has been subjected to impairment test.