COVER SHEET

8 0 1 1 8

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)

VICENTE B. VILLARAMA, JR.

Contact Person

988-7400

Company Telephone Number

12 31

Month *Day*

Fiscal Year

17A

FORM TYPE

For the year ending December 31, 2013

07 07 14

Month *Day*

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

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: **December 31, 2013**

2. SEC Identification Number: **80118** 3. BIR Tax Identification No.: **000-480-869**

4. Exact name of issuer as specified in its charter:
   National Reinsurance Corporation of the Philippines, doing business under the names and styles of Philippine National Reinsurance Company; PhilNaRe

5. **Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code:

7. **31st Floor, Ayala Life-FGU Center,**
   6811 Ayala Avenue,
   Makati City, Philippines
   Address of principal office

   1227
   Postal Code

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

9. **18th Floor, Philippine AXA Life Center, Sen. Gil Puyat Avenue corner Tindalo Street, Makati City, 1200, Philippines**
   Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	No. of Shares Outstanding	Amount
Common Shares	2,123,605,600	Php2,123,605,600.00
TOTAL	2,123,605,600	Php2,123,605,600.00

11. Are any or all of these securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange **Common**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

Shares Held by Non-Affiliates	**Market Value per share as of xx/xx/xx**	**Total Market Value**
xxx	**xxx**	**xxx**

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **N/A**

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

National Reinsurance Corporation of the Philippines (hereafter the "Company" or the "Corporation") was incorporated in 1978 pursuant to Presidential Decree No. 1270. The Company operates as a professional reinsurance corporation providing life and non-life reinsurance to the Philippines and to neighboring insurance markets. Since 2007, the Company has also been doing business under the names and styles of "Philippine National Reinsurance Company; PhilNaRe" in order to reinforce its image as the country's national reinsurer and its position as the only domestically-incorporated professional reinsurance company in the Philippines.

The primary mandate of PhilNaRe is to assist in the development of the Philippine insurance industry (a) by providing reinsurance capacity and support to Philippine insurance companies, (b) by serving as a medium for regional and international cooperation in insurance, and (c) by contributing towards higher retention of business within the country. The Company became the vehicle for the Philippines' participation in the Asian Reinsurance Corporation ("Asian Re"), a multilateral reinsurance entity based in Bangkok, Thailand established to foster regional cooperation among insurance companies doing business in Asia.

The Company is committed to maintain its financial strength, to continuously improve its technical expertise, provide better customer service and to adopt the leading and best practice standards in corporate governance as a good corporate citizen.

PhilNaRe became the country's sole domestic professional reinsurance company following its merger with Universal Malayan Reinsurance Corporation ("UMRe") on March 6, 2006. UMRe itself was the product of the 2004 merger between Universal Reinsurance Corporation ("URC") and Malayan Reinsurance Corporation ("MRC"). Prior to their 2004 merger, URC had been the country's second largest reinsurer (in terms of gross premiums written) and MRC had been ranked third. At present, PhilNaRe has no subsidiaries.

The Company has not been a party to any bankruptcy, receivership or similar proceedings.

(2) Business of Issuer

Principal Products & Services

The Company writes both life and non-life reinsurance. Major business lines under the Non-Life Group include Fire, Marine & Aviation and Casualty & Others. Fire Insurance covers standard Fire and Industrial All Risks. Marine & Aviation covers insurance on aircraft, marine vessels and marine cargo. Casualty and Others cover Contractors All Risks, Erection All Risks, Electronic Equipment Insurance, Machinery Breakdown, Boiler Pressure Vessel, Comprehensive General Liability, Personal and Group Accident, Errors and Omissions, Directors Liability, Products Liability, Money Securities and Payroll, Fidelity Guarantee, Robbery and Burglary, Equipment Floater, Hole-In-One, All Risks, Crop Insurance, Construction related Bonds and, Motor Car.

As of December 2013, Fire accounted for 53% of the Company's Gross Premiums Written ("GPW") and 18% of Net Premiums Written ("NPW"), casualty and others accounted for 24% of GPW and 42% of NPW, life accounted for 18% of GPW and 31% of NPW and marine and aviation accounted for 5% of GPW and 9% of NPW.

The Company writes reinsurance largely for the domestic market. The portion of the Company's GPW sourced from foreign insurance companies for the years 2011, 2012 and 2013 are 9%, 7% and 6%, respectively.

The Company offers reinsurance for both treaty and facultative arrangements or contracts. Typically, in treaty arrangements, reinsurance is offered to cover more than one policy or entire, precisely defined portfolios while facultative arrangements provide cover on a per policy basis. Facultative reinsurance is individually written by the reinsurer. Each facultative reinsurance policy is negotiated separately, with the pricing and other terms established at the time the policy is underwritten. Under a facultative arrangement, the ceding company is under no obligation to reinsure any particular risk and the reinsurer to whom an offer is made is likewise under no obligation to accept any particular risk.

In a treaty arrangement, the ceding company purchases reinsurance to cover specified blocks of business it has underwritten. The ceding company and the reinsurer enter into a treaty contract which sets out the terms, conditions and limitations which govern the reinsurance arrangements. Both parties are automatically bound in advance with respect to any and all risks that fall within the scope of the contract such that the ceding company would be obliged to cede, and the reinsurer would be obliged to accept all business falling under the scope of the agreement. Reinsurance treaties specify the ceding company's binding limit, which is the maximum amount of risk that can be ceded automatically and that the reinsurer must accept. In contrast to facultative reinsurance, the reinsurer does not approve each individual risk under a treaty arrangement.

Competition

As the sole domestic professional reinsurance company in the Philippines, the Company's business prospects are closely aligned with the growth and development of the insurance industry in the Philippines. While the industry has in recent years exhibited spurts of growth in premium income, much of this expansion was attributable to increases in investment-linked insurance products of the life insurance segment, which products are not reinsured by the Company. In its main business of reinsuring property & casualty risk on the non-life segment and mortality and disability risks on the life segment, the Company anticipates growth to be closely correlated with the expansion of the country's GDP. As GDP increases, the volume of needed protection and the demand for insurance products also increases, thus the need for reinsurance products to accommodate rising levels of insurance business.

The Company has identified its competitors as domestic insurance companies which are also licensed to sell reinsurance and the foreign reinsurance companies who have representative agents licensed by the Insurance Commission. PhilNaRe's competitors have different objectives. Domestic insurance companies' core business is selling direct insurance to the general population and thus their reinsurance operations are more often used for exchange of reinsurance business with other domestic companies to earn premiums while diversifying their portfolio than for pure risk transfer/management.

Foreign reinsurance companies on the other hand directly compete with the Company in terms of products and services. The Company competes with a number of large foreign reinsurers in its selected lines of business. These companies offer the lines of reinsurance that the Company also offers. The Company benefits to a certain extent from Presidential Decree No. 1270 ("PD 1270") which mandates all life and non-life insurance and reinsurance companies doing business in the Philippines to cede to the Company at least ten percent of their outward reinsurance placed with unauthorized foreign reinsurers.

Based on the most recent industry information provided by the Insurance Commission, total premiums coming from reinsurance for the life and non-life insurance industry in 2011 amounted to 22.62 billion, of which the Company's share was P3.9 billion or 17%.

The principal methods of competition in the reinsurance business are price and service. The price of the product or premium is the expected value of the risk reinsurance companies are charging for accepting risks. Several factors such as tariffs, mortality, exposure accumulation and catastrophe dictate premium levels. Reinsurance service is measured through a variety of factors: risk acceptance capacity, claims volatility management, risk sharing, technical advice on new products and markets and underwriting expertise.

As of December 31, 2013, the Company had existing reinsurance treaties with 59 out of the 65 licensed non-life insurance companies in the Philippines, 24 of the 25 licensed life insurance companies and 3 out of the 4 composite companies.

For 2013, the Company's top ten customers represented 61% of gross premiums written, compared to 66% in 2012.

Employees

The Company currently has seventy (70) employees, of whom fourteen (14) occupy clerical positions; seventeen (17) are in professional-technical posts; nine (9) are at the supervisory level; twenty-seven (27) are in managerial and officer levels; and three (3) occupy executive positions.

Broken down by operations, there are eleven (11) employees in the Life Operations Group, twenty-two (22) in the Non-Life Operations Group and thirty seven (37) employees in the support group , including Accounting and Finance.

In the next 12 months, the Company does not project an increase in the number of employees.

The Company's employees are not and have never been subject to any Collective Bargaining Agreement.

Risks

The occurrence of severe catastrophic events may have a material adverse effect on the financial results and conditions

The Company reinsures property, marine and casualty insurance with large aggregate exposures, corresponding to the possibility of loss due to man-made and natural disasters such as typhoons, floods, and earthquakes. The Company expects that the loss experience generally will include infrequent events of great severity. The risks associated with man-made and natural disasters are inherently unpredictable, and it is difficult to predict the timing of such events with statistical certainty or estimate the amount of loss any given occurrence will generate. However, such losses are considered manageable. The Company has procured an excess of loss protection which limits its risk exposure to ₱60 million per catastrophic event, with an aggregate loss limit of ₱3 billion per event.

The Company obtains excess of loss protection from a panel of global reinsurers with investment grade financial strength ratings. The cost is material and varies from year-to-year depending upon, among other things, the Company's history of claims and losses as well as the state of the global market for catastrophe reinsurance. In 2013, the Company paid its excess of loss reinsurers a total of P535 million, almost similar to P534 million in 2012.

A significant amount of the Company's invested assets will be subject to changes in interest rates, exchange rates and market volatility.

A major portion of the Company's assets is its investment portfolio which, as of December 31, 2013, remained at the same level with 2012, at approximately ₱7 billion. About 75% of the portfolio was invested in fixed income obligations of the Philippine government and of large

Philippine corporations, compared to 85% in 2012. About 25% was invested in equities traded on the Philippine Stock Exchange, compared to 13% in 2012. While the bulk of its investments are in the local currency, the Company maintains some investments in securities denominated in U.S dollars.

The fair market value of these assets and the investment income from these assets will fluctuate depending on general economic and market conditions. Investments in fixed income securities may be adversely affected by fluctuations in interest rates. An increase in interest rates will decrease the value of the investments while a decrease in interest rates will increase the value of the investments. The investment results may also be adversely affected by changes in the business, financial condition or results of operations of the entities in which the Company invests. Since a substantial amount of the Company's invested assets are classified as securities available for sale, changes in the market value of these securities will be reflected in shareholders' equity.

The Company's Board of Directors has established investment guidelines which involve diversifying the investment portfolio, limiting investments to instruments not exposed to significant risks, performing rigorous analysis of potential investments and establishing suitable benchmarks for targeted returns, among others. The Company currently invests only in instruments allowable under Section 207 of the New Insurance Code and by related issuances of the Insurance Commissioner. The Board of Directors of the Company has established an Investment Committee to implement the Company's investment strategy in accordance with approved investment guidelines.

The Company's financial condition may be affected by delays in the payment of premiums by cedants.

On facultative acceptances, the Company generally provides its cedants a grace period of 120 days for the settlement of premiums. Within this 120-day premium payment warranty term, the company is obligated to pay legitimate claims arising from its acceptance of risk, even though it may not have yet received any premiums. As of December 31, 2013, premiums receivable from ceding companies amounted to P833.0 million, compared to ₱974.6 million in 2012.

To mitigate the risk of non-payment of premiums, the Company regularly reviews and evaluates the financial capacity and payment history of the companies from which it accepts business. Moreover, should the Company not receive premium payments within the prescribed premium payment warranty term, the Company automatically cancels its acceptance and any claims arising from said acceptance will be denied.

The Company's financial performance may be affected by the inability of its retrocessionaires to pay their share of losses

As of end 2013, the Company retroceded ₱1.7 billion or 68% of its gross premiums written to retrocessionaires. The Company retroceded part of the gross premiums in order to transfer the risk to the retrocessionaire. As certain loss events occur, the Company is obligated to pay the legal claims made by its customers. If the Company retroceded part of the premiums paid by its clients to retrocessionaires, then the Company is entitled to recover commensurately the losses it paid to its clients from the latter. However, if the retrocessionaire is not able to pay the claims made by the Company, the latter will shoulder the losses it paid to its customers and this will impact negatively on the Company's financials. As of end 2013, reinsurance recoverable on unpaid losses amounted to ₱5.06 billion, compared to ₱5.64 billion in 2012.

In choosing its retrocessionaires, the Company takes into consideration a retrocessionaires financial capacity, technical knowledge/expertise and industry reputation. The Company also considers the retrocessionaires record of paying claims and adverse balances. The Company adheres to these guidelines to ensure that this risk is mitigated and/or avoided.

Item 2. Properties

The net property, plant and equipment of the Company as of December 31, 2013 amounted to P103 million, broken down as follows:

(in Philippine Pesos)	**Cost**	**Accumulated Depreciation**	**Net book value**
Condominium units	154,882,915	73,064,749	81,818,166
Office improvements	14,845,258	8,744,817	6,100,441
Office furniture and equipment	10,095,760	9,022,515	1,073,245
Transportation equipment	10,426,898	5,097,303	5,329,595
EDP equipment	34,391,666	25,959,867	8,431,799

Effective January 1, 2014, the Company's new principal office is located at the 31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City, comprising approximately 824 square meters together with 8 parking slots. This property was owned by UMRe which, as earlier discussed, was merged with the Company on March 6, 2006. Pursuant to the merger, ownership of the Ayala Life-FGU office condominium was passed to the Company.

Prior to January 1, 2014, the Company's principal office address was located at the 18th Floor, Philippine AXA Life Center, Sen. Gil Puyat Avenue corner Tindalo Streets, Makati City. At the meeting of the Board of Directors of PhilNaRe held on December 19, 2013, the Board approved the consolidation of the office at the 31st and 27th Floors, Ayala Life-FGU Center effective January 1, 2014 and the closure of the Philippine AXA Life office which is currently held for sale.

The Company does not anticipate any material acquisition of property for office use in the next 12 months.

There are no liens, mortgages or encumbrance over the aforementioned properties of the Company. There is likewise no limitation on the ownership or usage of the said properties, except under standard rules of their respective condominium corporations.

There is no litigation or claims of material importance known to the Company to be pending or threatened against the Company's properties.

Item 3. Legal Proceedings.

The Company is currently a party to the following litigation cases:

1. *Industrial Bank of Korea vs. DOMSAT*
   GSIS vs. PhilNaRe, et al.
   Civil Case No. 99-1853
   Regional Trial Court, Makati City, Branch 135

This is a third-party complaint filed by the Government Service Insurance System (GSIS) against PhilNaRe and other domestic reinsurers (collectively, the "reinsurers"). The third-party complaint stemmed from a complaint filed by the Industrial Bank of Korea, *et al.* against DOMSAT Holdings, Inc. ("DOMSAT") and GSIS to collect DOMSAT's debt in the amount of US$11 million, plus interest, default interest, expenses as well as damages. The proceeds of the loan were used to finance DOMSAT's two-year lease and/or purchase of a Russian satellite. Plaintiff banks sued GSIS to enforce its liability on the surety bond it issued to guarantee the repayment by DOMSAT

of its debt (the "surety bond"). GSIS then filed a third-party complaint against the reinsurers pursuant to the terms of the bond reinsurance binder and the reinsurance treaty executed by the latter.

On December 12, 2008, the court suspended the proceedings against PhilNaRe and the third-party defendants until after the completion of the proceedings in the main complaint, since the third-party defendants' liability was contingent on GSIS's liability in the main complaint.

On November 16, 2012, the trial court rendered judgment in the main case against GSIS and DOMSAT, finding them solidarily liable to pay plaintiff banks (a) principal amount of US$ 11,000,000.00, plus interest, default interest and expenses due to the plaintiffs under the Loan Agreement from the date of default to the time of payment; (b) attorney's fees in the amount of P500,000; and (c) costs of suit. GSIS and DOMSAT timely filed their respective motions for reconsideration. In its Order dated May 15, 2013, the trial court partially granted GSIS Motion for Reconsideration with regard to its cross-claim against DOMSAT only and denied both GSIS's and DOMSAT's motions as to the rest of the issues raised. GSIS filed its Notice of Appeal on June 14, 2013. However, DOMSAT did not file any notice of appeal. In its Order dated June 17, 2013, the trial court found GSIS's Notice of Appeal to have been seasonably filed and proper docket fees paid, and ordered the entire record of the main case to be forwarded to the Court of Appeals for proper disposition.

In the meantime, the third-party complaint proceeded. GSIS served summons on Philippine Agila Satellite and Captain Rodrigo Silverio. The pre-trial conference was concluded on November 16, 2012 and the court tentatively set the case for trial on April 12, 2013. The third-party complaint was then referred to mediation. However, due to pending legal questions raised in the motions for reconsideration by GSIS and DOMSAT, which the mediator noted, she recommended the referral of the case to Judicial Dispute Resolution ("JDR") instead.

The case is presently undergoing JDR, where negotiations are ongoing among the parties for a possible compromise. The next JDR conference is scheduled on June 6, 2014, at 10:00 a.m.

2. National Reinsurance Corporation of the Philippines vs. Stronghold Insurance Company
Civil Case No. 10-1036
Regional Trial Court, Makati City, Branch 142

This is a complaint filed by PhilNaRe for sum of money with damages and application for attachment with respect to its claims against Stronghold Insurance Company, Inc. ("Stronghold").

On its first claim, PhilNaRe is the reinsurer of a bankers blanket bond under GSIS Policy No. BBB-95021 between the Land Bank of the Philippines ("LBP") and GSIS as insurer. PhilNaRe reinsured its risk with Stronghold. Due to the fraudulent acts of one of its employees, LBP lost the amount of ₱88,618,001.97, which was deposited by the National Electrification Commission to its account in LBP. With the occurrence of the contingency insured against, LBP filed an insurance claim from GSIS. GSIS paid the amount of ₱49,000,000.00 to LBP. GSIS then filed its claim with PhilNaRe, which, in turn, filed its claim with Stronghold. PhilNaRe has since paid GSIS's claim for ₱38,513,885.40. PhilNaRe sent a demand letter dated May 27, 2010 to Stronghold for the payment of P38,513,885.40 to PhilNaRe. However, despite demand, Stronghold failed to pay said amount to PhilNaRe.

With regard the second claim, GSIS and Bangko Sentral ng Pilipinas ("BSP") entered into a fire insurance contract, where the latter insured its PICC Building with the former. GSIS, in turn, reinsured its risk with PhilNaRe. PhilNaRe then reinsured its risk with Stronghold, which likewise reinsured its risk with other entities. On February 22, 2001, BSP incurred a loss due to the fire which occurred at the western portion of the PICC Building. GSIS paid BSP the amount of

₱111,089,965.65 for the building and P16,236,687.73 for the contents thereof. PhilNaRe then paid its share of GSIS claim amounting to ₱63,321,280.00 for the buildings and ₱9,254,912.01 for the contents on various dates. Thereafter, PhilNaRe notified Stronghold of the total amount of its share in the loss, which amounts to ₱57,564,800.39 for the buildings and ₱8,413,556.67 for the contents. Despite demands, Stronghold unjustly refused to pay its share of loss to PhilNaRe, to the latter's damage and prejudice.

The company's application for the issuance of a *writ* of preliminary attachment has been submitted for resolution.

3. National Reinsurance Corporation of the Philippines vs. Stronghold Insurance Company, Inc.
I.C. Adm. Case No. RD-422
Insurance Commission, Manila

This is a complaint filed by PhilNaRe with the Insurance Commission against Stronghold for the revocation or cancellation of Stronghold's license to conduct insurance business, with respect PhilNaRe's second claim as discussed in item No. 2.

Despite several meetings between the parties, they were not able to come up with a settlement. On May 22, 2012, Commission issued its Decision dismissing PhilNaRe's complaint without prejudice. In its decision, the Commission ruled that Stronghold did not violate Section 247 of the Insurance Code of the Philippines because the claims subject of this case were subject of compensation between the parties, and as shown there is a practice of offsetting between them.

On August 3, 2012, PhilNaRe filed its Motion for Reconsideration of even date. On September 13, 2012, PhilNaRe received a copy of Stronghold's Opposition dated August 27, 2012, to which PhilNaRe filed a Reply dated September 19, 2012. PhilNaRe's Motion for Reconsideration is pending resolution by the Commission.

4. Oriental Assurance Corp. vs. National Reinsurance Corporation of the Philippines and CBR Asia Insurance Brokers, Inc.
Civil Case No. 73975
Regional Trial Court, Branch 157, Pasig City

PhilNaRe Issued a Marine Hull Reinsurance Policy ("Reinsurance Policy") in favor of Oriental Assurance Corp. ("OAC"), through the latter's reinsurance broker, CBR Asia Insurance Brokers, Inc ("CBR Asia"). Under the Reinsurance Policy, PhilNaRe agreed, in consideration of the reinsurance premium of ₱ 28,453,450.00, to reinsure OAC as the Assured Ceding Company, subject to all terms and conditions of the latter's original insurance policy with Sulpicio Lines.

M/V Princess of the Stars ("POTS"," for brevity) is part of a fleet of vessels, 11 in all, that PhilNaRe accepted for Marine Hull Reinsurance. POTS is vessel No. 3, with hull cover limit of ₱200,000,000.00. PhilNaRe's share is ₱100,000,000.00 (50%) of ₱200,000,000.00 (100%), on a Primary Layer basis.

On June 21, 2008, Sulpicio Lines' M/V Princess of the Stars capsized and sank within the vicinity of Romblon due to a typhoon. The incident resulted in hundreds of deaths and damage to cargo loaded onboard the vessel. PhilNaRE has paid ₱100,000,000.00, the maximum limit, for its marine hull exposure.

Despite payment of the said amount, PhilNaRe received four demand letters from the OAC through the latter's legal counsel, all claiming reimbursement in the amount of P7,986,422.67 for "Sue and Labor" expenses allegedly incurred by the vessel M/V Princess of the Stars. PhilNaRe did not honor OAC's cash call for the Sue & Labor claim.

On July 3, 2013, OAC filed its complaint before the Regional Trial Court, Branch 157, Pasig City against PhilNaRe and CBR Asia entitled "*Oriental Assurance Corp. vs. National Reinsurance Corporation of the Philippines and CBR Asia Insurance Brokers, Inc*." and docketed as Civil Case No. 73975. OAC claimed (a) P7,986,422.67 plus legal interest of 6% thereon and (b) attorney's fees in the amount equivalent to 10% of the principal amount claimed.

On September 2, 2013, PhilNaRe filed its Answer to OAC's complaint with Counterclaims in the amount of P2,200,000.00. PhilNaRe also interposed a Crossclaim against CBR Asia in the amount of P7,986,422.67, or for whatever sum that may be awarded in favor of OAC and against PhilNaRe, including attorney's fees and costs.

The pre-trial of this case is scheduled on May 15, 2014.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the stockholders during the fourth quarter of the fiscal year ending December 31, 2013.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

The common shares of the Company have been listed on the Philippine Stock Exchange since April 27, 2007. The high and low prices for each quarter of the last two years are as follows:

	2012	2012	2013	2013
	High	Low	High	Low
1st Quarter	3.03	1.73	1.90	1.90
2nd Quarter	2.48	1.70	1.80	1.80
3rd Quarter	2.03	1.90	1.65	1.64
4th Quarter	1.95	1.70	1.36	1.34

The price information as of the latest practicable trading date, April 11, 2014, was P 1.44 per share.

(2) Holders

Approximate Number of Holders as of 31 December 2013

There were approximately 281 common shareholders of the Company as of December 31, 2013. The Top 20 shareholders as of December 31, 2013, with their corresponding shares and percentage ownership of the Company, are as follows:

	Name of Record Owner	No. of Shares Held	Percentage
1	PCD Nominee Corporation		
	(Filipino)	1,568,391,733	73.85%
	(Non-Filipino)	34,628,100	1.63%
2	Bank of the Philippine Islands	290,795,500	13.69%
3	FGU Insurance Corporation	36,126,000	1.70%
4	Malayan Insurance Company, Inc.	35,610,100	1.68%
5	Philippine Charter Insurance Corp.	15,305,900	0.72%
6	First Nationwide Assurance Corp.	13,157,000	0.62%
7	Philippines First Insurance Co., Inc.	11,075,200	0.52%
8	Philippine American Life Insurance Co.	8,628,600	0.41%
9	Pa, Ana Go &/or Go Kim	7,500,000	0.35%
10	Empire Insurance Company	7,498,900	0.35%
11	Phil. International Life Insurance Co., Inc	4,450,200	0.21%
12	New India Assurance Co., Ltd.	4,168,300	0.20%
13	South Sea Surety & Insurance Co., Inc.	4,152,700	0.19%
14	Federal Phoenix Assurance Company	3,786,300	0.18%
15	Visayan Surety & Insurance Corporation	3,745,500	0.18%
16	Oriental Assurance Corporation	3,560,800	0.17%
17	BPI/MS Insurance Corporation	3,347,500	0.16%
18	Beneficial Life Insurance Company Inc.	3,193,500	0.15%

	Name of Record Owner	No. of Shares Held	Percentage
19	Manila Surety & Fidelity Company, Inc.	3,168,400	0.15%
20	Romualdez, Ferdinand Martin G.	3,000,000	0.14%

Minimum Public Ownership as of 31 December 2013

The minimum public ownership report as of December 31, 2013 showed the Company's public float at 47.57%. This was computed in accordance with the guidelines provided under the Amended Rule on Minimum Public Ownership.

(3) Dividends

It is the Company's policy to declare dividends regularly with the pay-out determined by the Company's performance as well as by the availability of unappropriated retained earnings for distribution. On May 16, 2013, the Company declared cash dividends of P0.02 per share for a total amount of P 42, 472,112 which was paid on June 14, 2013. The payment of dividends by insurance companies is governed in the Philippines by Section 201 of the New Insurance Code as well as by Section 43 of the Corporation Code, both of which establish the appropriate amount of retained earnings which may be paid out for dividend distribution. Beyond these inherent limitations, there are no known restrictions or impediments to the Company's ability to pay dividends on common equity or are there likely to be any in the future.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company had no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Review of 2013 versus 2012

Results of operations

Reinsurance premiums – net of returns or Gross Premiums Written Gross premiums written in 2013 totaled P2,561.1 million, 15.4% lower than P3,025.4 million in 2013. Generally, all lines of business experienced decline in premiums. The contribution per line of business showed that Fire accounts for 52.9% in 2013 vs. 50.9% in 2012, followed by Casualty and others at 24.2% in 2013 vs 27.8% in 2012, life represented 18% in 2013 vs. 16.9% in 2012 and lastly, marine accounted for 4.9% in 2013 vs. 4.4% in 2012. On a per class of business, premiums from non-life facultative business decreased by P266.4 million or 21% from P1,267.5 million in 2012 to P1,001.1 million in 2013. Similarly, non-life treaty premiums declined by P147.4 million or 11.8% from P1,245.3 million in 2012 to P1,098.0 million in 2013; and the life premiums also decreased by P50.6 million or 9.9% from P512.6 million in 2012 to P462.1 million in 2013. Effective 2013, to be consistent with industry classification, Industrial All Risks (IAR) previously classified under Casualty and Others business line is now classified as part of the Fire line of business. The 2013 IAR premiums written and net premiums retained amounting to P434.3 million and P8.1 million respectively were 43% and 65% lower, compared to the 2012 figures reclassified amounting to P768.2 million premiums written and P23.2 million net premiums retained.

Reinsurance Premiums Retained or Net premiums retained Reinsurance premiums retained for the year 2013 amounted to P819.6 million, an increase of P40.9 million or 5.3% from P778.7 million in 2012. This increase was due to more premiums were retained during the year coupled by the lesser premiums paid for the catastrophe and risk excess of loss protection obtained for 2013. Net premiums retained per line of business showed the casualty and others line contributing 41.8% in 2013 vs. 33.8% in 2012, followed by life at 30.9% in 2013 vs. 39.9% in 2012, fire at 18.4% in 2013 vs. 18.0% in 2012, and marine share is 9.0% in 2013 vs. 8.2% in 2012. Net retention ratio for 2013 is at 32.0% from 25.7% in 2012.

Premiums earned Consistent with the increase in net premiums retained, premiums earned increased 6.8% or by P52.8 million resulting to P830.6 million in 2013 compared to P777.8 million in 2012.

Share in claims and losses During the year, total losses incurred by the Company amounted to P662.5 million, 21.5% lower than the previous year's P843.9 million. While improvements registered in loss ratios for the casualty line (29.5% in 2013 vs. 57.7% in 2012) and life (38.9% in 2013 vs. 42.6% in 2012); the marine line registered higher loss ratio (168.8% in 2013 vs. 25.9% in 2012). Although the fire line has registered improvement (250.7% in 2013 vs. 389.7% in 2012), it is still the main contributor in the overall loss ratio (79.8% in 2013 and 108.5% in 2012), generally reflecting the aftermath of the devastation brought about by the calamities (Habagat, Typhoon Yolanda and Cebu/Bohol earthquake) that hit the country during the year 2013.

Commissions- net Notwithstanding net premiums retained increased in 2013, net commissions decreased by P9.0 million or 3%, and this amounts to P289.9 million in 2013 from P298.9 million in 2012. This is mainly due to non-proportional treaty acceptances not subject to reinsurance commission. Commission ratio however, was recorded at 35.4% in 2013, slightly lower than commission ratio of 38.4% in 2012.

Investment income and other income Investment and other income decreased by P37.8 million or 5.4% from P702.2 million in 2012 (as restated) to P664.4 million in 2013.

Interest income dropped by P58.2 million or 16.3% to P298.2 million in 2013 from P356.4 million in 2012 on account of declining interest rates.

Other Income-net, consisting primarily of trading gains (P321.7 million in 2013 vs. P293.6 million in 2012) and dividend income (P34.3 million in 2013 vs. P30.9 million in 2012) increased by 10.9% nonetheless, foreign currency translation gain decreased from P21.1 million in 2012 to P10.1 million in 2013.

General and administrative expenses General and administrative expenses (GAE) increased by 97.9% from P236.8 million in 2012 to P468.5 million in 2013 mainly due to increases in impairment losses (P216.9 million), manpower costs (P7.5 million), professional fees (P5.1 million), repairs and maintenance (P3.6 million) and miscellaneous expenses (P1.4 million) offset by the decreases in other expenses such as taxes and licenses, transportation expenses and utilities amounting to P2.8 million.

Tax expense The Company's tax expense decreased by P11.0 million or 16.6% to P55.3 million in 2013 compared to P66.3 million in 2012, consistent with the decrease in interest income for the year. This tax expense largely represents the final tax on interest income earned from the Company's investment portfolio.

Net Profit As a result of the aforementioned factors, net profit decreased by P15.4 million or 45.1% from P34.1 million level in 2012 (as restated) to P18.7 million in 2013.

Financial condition

As of December 31, 2013, total resources of the Company stood at P14.6 billion, P1.0 billion or 6.5% lower than total resources of P15.6 billion as of December 31, 2012. Material changes in the Company's resources which contributed to the decrease are described below.

Reinsurance balances receivable, net of allowance for impairment of P572.6 million, decreased by P520.2 million or 7.4% from P7.1 billion as of December 31, 2012 to P6.5 billion as of December 31, 2013. This is principally due to lower volume of premiums booked during the year which translates to lesser collectibles and loss recoveries amounting to P961 million were likewise collected. This reinsurance balances receivable is composed of account balances pertaining to: *due from ceding companies (P833.0 million), funds held by ceding companies (P154.8 million) and reinsurance recoverable on losses (P6.1 billion), net of allowance for impairment of 572.5 million*.

Available-for-sale financial assets (AFS) representing 43.8% of total assets increased by P701.7 million or 12.3% from P5,690.0 million as of December 31, 2012 to P6,391.7 million as of December 31, 2013 mainly due to transfers of investments from term loans and cash and cash equivalents to AFS financial assets. AFS consists of investments in listed equities, government securities and corporate bonds.

Loans and receivables (part of the Company's investment portfolio) declined by P395.2 million or 55.3% to P320.0 million in 2013 from P715.3 million in 2012 basically due to matured term loans, proceeds of which were re-invested in securities classified under the Available-for-Sale financial assets.

Property and equipment (PPE), net of accumulated depreciation amounting to P121.8 million as of December 31, 2013, contributing to the decrease in the net carrying value by P12.2 million or 10.6% from P114.9 million as of December 31, 2012. The decrease was mainly due to recorded depreciation of P12.9 million and proceeds from the sale of motor vehicle to officers affected by the redundancy program implemented in 2013 amounting to P1.6 million, while capital expenditure during the year amounted only to P2.3 million.

Deferred acquisition costs which mainly consist of commissions; decreased by P12.6 million or 12.8% to P85.2 million in 2013 from P97.8 million in 2012. Under the 24th method of revenue and

expense recognition, policy cost is deferred and charged to expense in proportion to reinsurance premium revenue recognized during the year.

Deferred reinsurance premiums decreased by P181.7 million or 45.4% as of December 31, 2013. This is consistent with the lower volume of reinsurance premiums accepted and retroceded premiums during the year. Deferred reinsurance premiums pertain to the unexpired portion of retroceded premiums which corresponds to the unexpired portion of the reinsurance premiums accepted (unearned reinsurance premiums) at the end of each reporting period.

Other assets increased by 9.4% to P330.0 million in 2013 from P301.7 million in 2012 largely due to the increases in creditable withholding tax by P25.7 million and input vat by P16.0 million.

Total liabilities decreased by P768.3 million or 7.9% to P8.9 billion in 2013 from P9.7 billion in 2012. The increase in total liabilities is explained below:

Reinsurance balances payable decreased by P455.2 million or 5.3% from P8,665.2 million as of December 31, 2012 to P8,210.1 million as of December 31, 2013 and this was mainly due to settlement of claims and other reinsurance payable accounts. Reinsurance balances payable is composed of account balances pertaining to: *(1) premiums due to reinsurers (slightly increased from P856.5 million in 2012 to P858.5 million in 2013); (2) funds held for retrocessionaires (decreased from P86.8 million in 2012 to P80.4 million in 2013) and (3) losses and claims payable (decreased from P7,721.9 million in 2012 to P7,271.3 million in 2013).*

Accounts payable and accrued expenses decreased by P99.7 million or 42% from P237.5 million in 2012 (as restated) to P137.7 million in 2013 principally due to payment of retirement benefit of employees affected by the redundancy program which was implemented by the Company in 2013 as well as a decline in deferred output VAT (P34.9 million in 2013 vs P40.0 million in 2012), accrued expenses (P5.0 million in 2013 vs. P8.3 million in 2012) and other liabilities (P31.4 million in 2013 vs. P93.1 million in 2012).

Reserve for unearned reinsurance premiums declined to P541.9 million in 2013 from last year's P734.6 million or by P192.7 million directly due to the decline in the Company's volume of reinsurance premiums accepted.

Deferred reinsurance commission likewise decreased by P20.7 million or 46.8% from P44.3 million in 2012 to P23.6 million in 2013 and this is due to lower retroceded premiums, further brought about by the decline in the volume of reinsurance premiums accepted.

Total equity as of December 31, 2013 declined by 4.1% or P245.2 million to P5,688.4 million from P5,933.6 million as of December 31, 2012 (as restated) mainly attributed to the payment of a P0.02/share cash dividend totaling P42.5 million; the net effect of lower mark to market revaluation on investment of P211.1 million and the movement in the re-measurement of the defined benefit liability of P10.3 million. The reported net income for the period of P18.7 million partially offset the declines earlier mentioned.

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2013 versus 2012

15% decrease in reinsurance premiums
This is mainly due to lower volume of reinsurance premiums accepted for both life and non-life business.

22% decrease in retroceded premiums
This is due to the lower volume of reinsurance premiums accepted and more premiums were retained by the Company.

5% increase in net premiums retained.
This is accounted for by the increase in percentage of premiums being retained by the Company for its own account. Overall retention ratio increased from 25.7% in 2012 to 32.0% in 2013.

1257% decrease in reserve for unearned reinsurance premiums.
The lower level of reinsurance premiums accepted and premiums retroceded for 2013 compared to 2012 resulted to the reduction in the required reserve to be provided for the unearned (unexpired) portion of the reinsurance premiums (decrease in reserve for unearned reinsurance premiums) under the 24th method of revenue and expense recognition.

17% decrease in underwriting deductions.
This is generally due to the lower claims incurred during the year.

67% decrease in net underwriting loss
This improvement is mainly due to higher premiums earned and lower claims incurred during the year.

5% decrease in investment and other income
This is generally due to lower interest income earned during the year.

98% increase in general and administrative expenses.
This is due to the additional set-up of provision for impairment loss.

17% decrease in tax expense.
This is due to lower investment and other income earned during the period being subject to final tax.

45% decrease in net income.
This can be attributed to the resulting net underwriting loss and higher general and administrative expenses incurred during the year.

Balance Sheet items - 2013 versus 2012

51% decrease in cash and cash equivalents.
Mainly due to payment of cash dividends and certain short-terms investments (cash equivalents) shifted to available-for-sale financial assets (AFS).

7% decrease in reinsurance balances receivable.
Due to lower level of reinsurance premiums assumed and collection of certain reinsurance recoverable on losses.

12% increase in available for sale financial assets.
Principally due to additional investments made and transferred from short-term investments under the cash and cash equivalent classification to available for sale financial assets.

55% decrease in loans and receivables.
Primarily due to matured term loans and lower level of the accrued interest receivable recorded, due to lower interest income earned during the year.

11% decrease in property and equipment, net
This is mainly due to the recorded depreciation expense which amount is greater than capital expenditures incurred during the year.

13% decrease in deferred acquisition cost.
This is consistent with the decrease in reinsurance premiums accepted during the year.

45% decrease in deferred reinsurance premiums
The lower volume of reinsurance premiums accepted translates to the lower level of deferred reinsurance premium recognized under the 24th method of revenue recognition.

9% increase in other assets
Largely due to increases in creditable withholding taxes and unapplied input vat.

5% decrease in reinsurance balances payable
Principally due to settlement of claims and other reinsurance accounts payable.

42% decrease in accounts payable and accrued expenses
Due to settlement of employees retirement benefit.

26% decrease in reserve for unearned reinsurance premiums
Essentially related to the decrease in the volume of reinsurance premiums accepted during the year.

47% decrease in deferred reinsurance commissions
This is consistent with the decrease in reinsurance premiums retroceded, which is the source of the related reinsurance commissions earned.

Review of 2012 versus 2011

Results of operations

Reinsurance premiums – *net of returns or Gross Premiums Written*. Gross premiums written in 2012 decreased by P498.9 million, or 14.2%, to P3,025.4 million from P3,524.3 million in 2011. The decline was largely the result of lower volume of business coming from GSIS (P60.1 million in gross premiums in 2012 vs. P600.9 million in 2011). The Company also experienced declines in its domestic treaty business (P1,042.8 million in gross premiums in 2012 vs. P1,087.4 million in 2011), its foreign treaty business (P202.5 million vs. P297.9 million) and non-life facultative business (P1,267.5 million vs. P1,667.7 million), which were offset by the increase in life reinsurance business (P512.6 million vs. P471.3 million).

Reinsurance Premiums Retained or Net premiums retained Reinsurance premiums retained declined by P347.7 million or 30.9% to P778.7 million in 2012 compared to P1,126.5 million in 2011. The drop in reinsurance premiums retained was significantly higher than the decline in gross premiums because of the cost of the Company's excess of loss program, which is accounted for as retroceded premiums. For the year 2012, the Company paid its excess of loss reinsurers a total of P533.6 million compared to P282.7 million in 2011. The added cost of excess of loss protection, which indemnifies the company in the event of natural catastrophes such as earthquakes and floods, effectively lowered the company's reinsurance premiums retained and contributed greatly to the Company's net underwriting loss of P365 million in 2012 as against a net underwriting loss of P107 million in 2011.

The increase in excess of loss cost in 2012 was attributable largely to the high level of claims from 2011 flood losses in Thailand, which claims the Company was able to recover from its excess of loss insurers.

Premiums earned Consistent with the decline in net premiums retained, premiums earned decreased by P404.3 million (34.2%) to P777.8 million in 2012 compared to P1,182.1 million in 2011.

Share in claims and losses Share in claims and losses for 2012 decreased by P99.5 million or 10.6% from P943.4 million in 2011 to P843.9 million in 2012. The number and size of claims were lower during the year, but loss ratio increased from 79.8% in 2011 to 108.5% in 2012 due to lower

level of earned premiums.

Commissions – net In line with the decline in reinsurance premiums, net commissions decreased by P46.7 million or 13.5% from P345.6 million in 2011. Consequently, commission ratio (as a percentage of net premiums retained) increased from 30.7% in 2011 to 38.4% in 2012.

Investment income and other income Investment and other income decreased by P66.0 million or 8.6% from P768.2 million in 2011 to P702.2 million in 2012.

Interest income dropped by P15.1 million or 4.1% to P356.4 million in 2012 from P371.5 million in 2011 on account of declining interest rates.

Other Income, consisting primarily of trading gains (P298.1 million in 2012 vs. P354.0 million in 2011) and dividend income (P30.9 million in 2012 vs. P38.00 million in 2011) also declined due to lower volume of trading activity though the decrease was partially offset by increase in foreign currency translation gain of P13.4 million from P7.7 million in 2011 to P21.1 million in 2012.

In 2012, the Company's investment operations also generated fair value gains on the investment portfolio amounting to P63.0 million as against fair value losses of P59.0 million in 2011. These fair value gains and losses are booked as direct adjustments to the Company's net worth and as other comprehensive income.

General and administrative expenses (GAE) decreased by P6.4 million or 2.7% from P243.2 million in 2011 to P236.8 million in 2012. Declines in certain expenses such as: taxes and licenses (P5.2 million in 2012 vs. P8.5 million 2011), representation and entertainment (P4.3 million vs. P7.7 million), contract labor (P2.0 million vs. P3.3 million) and impairment loss (P20.0 million vs. P32.5 million) more than offset an increase in depreciation and amortization (P34.4 million in 2012 vs. P28.8 million in 2011).

Tax expense The Company's tax expense was slightly lower by P5.9 million or 8.1% from P72.1 million in 2011 to P66.3 million in 2012. Tax expense largely represents the final tax on interest income from the Company's investment portfolio.

Net Profit (Loss) As a result of the aforementioned factors, particularly the higher excess of loss protection costs, the Company's net income decreased by P311.8 million or 90.1% from P345.9 million in 2011 to P34.1 million in 2012.

Financial condition

As of December 31, 2012, total resources of the Company stood at P15,615 million, P2,977 million or 23.6% higher than total resources of P12,638 million as of December 31, 2011. Material changes in the Company's resources which contributed to the increase are described below.

Reinsurance balances receivable, net of allowance for impairment of P335.6 million, increased by P3,176.1 million or 81.6% to P7,068.3 million in 2012 from P3,892.2 million in 2011 largely due to increase in reinsurance recoverable on losses from P2,986.2 million as of December 31, 2011 to P6,262.9 million as of December 31, 2012. The Company booked losses in excess of P2 billion for the November-December 2011 Thai floods (see claims payable below) but, with the exception of the Company's underlying retention of P30 million, substantially all these claims are recoverable from the Company's excess of loss reinsurers. Other reinsurance balances receivable include: (1) premiums due from ceding companies (decreased from P1,076.6 million in 2011 to P974.6 million in 2012); 2) funds held by ceding companies (increased from P145.0 million in 2011 to P166.5 million in 2012).

Available-for-sale financial assets (AFS) representing 36.4% of total assets increased by P324.4 million or 6.0% from P5,365.6 million as of December 31, 2011 to P5,690.0 million as of

December 31, 2012 reflecting mark to market gains as well as transfers from cash and cash equivalents to AFS financial assets.

Loans and receivables (part of the Company's investment portfolio) grew by P130.7 million or 22.4% to P715.3 million in 2012 from P584.6 million in 2011 mainly due to additional investments in various corporate note issues.

Property and equipment (PPE), net of accumulated depreciation amounting to P112.5 million as of December 31, 2012, a decrease of P9.4 million or 9.1% from 31 December 2011. The decrease in net carrying value is mainly due to the recorded depreciation of P14.3 million being higher than capital expenditure of P5.9 million.

Deferred acquisition costs, mainly consist of commissions, decreased by P40.1 million or 29.1% to P97.8 million in 2012 from P137.9 million in 2011 consistent with the decrease in gross reinsurance premiums accepted and net premiums retained.

Deferred reinsurance premiums decreased by P163.9 million or 29% as of December 31, 2012. This is consistent with the lower volume of premiums accepted and ceded during the year. Deferred reinsurance premiums pertain to the portion of reinsurance premiums ceded out that relate to the unexpired periods of the policies at the end of each reporting period.

Other assets increased by 13.4% to P301.7 million in 2012 from P266.1 million in 2011 largely due to increases in creditable withholding tax (P23 million) and input vat (P14 million).

Total liabilities increased by P3,096.8 million or 47.0% to P9,681.6 million in 2012 from P6, 584.8 million in 2011. The increase in total liabilities is explained below:

Reinsurance balances payable were up by P3, 237.4 million or 59.6% from P5, 427.8 million as of December 31, 2011 to P8, 665.2 million as of December 31, 2012 primarily due to increase in losses and claims payable from P4, 661.4 million as of December 31, 2011 to P7, 721.9 million as of December 31, 2012, which increase was largely related to the Thai floods mentioned above and effectively offset by the related reinsurance recoverable on losses (an asset account).

Other reinsurance balances payable include: 1) premiums due to reinsurers (increased from P677.8 million in 2011 to P856.5 million in 2012); 2) funds held for retrocessionaires (decreased from P88.6 million in 2011 to P86.8 million in 2012).

Accounts payable and accrued expenses increased by P57.2 million or 31.7% from P180.3 million in 2011 to P237.5 million in 2012 principally due to increase in amount of unreleased checks/wire transfers and other liabilities (P49.2 million) and defined benefit liability (P9.6 million). However this was offset by a decrease in deferred output vat and accrued expenses payable (P1.8 million).

Reserve for unearned reinsurance premiums declined to P734.6 million in 2012 from last year's P897.5 million or by P162.9 million due to the decline in the Company's reinsurance premiums written.

Deferred reinsurance commission, likewise decreased by P34.9 million or 44.1% from P79.2 million in 2011 to P44.3 million in 2012 due to lower premiums retroceded further resulting to lower commissions earned.

Total equity as of December 31, 2012 (as restated) declined by 2.0% or P119.6 million to P5, 933.6 million from P6, 053.3 million as of December 31, 2012 (as restated) principally due to the payment of a P0.10/share cash dividend totaling P212.4 million and the net effect of the re-measurement of defined benefit liability (P4.4 million) This was offset by the net income posted in 2012 of P34.1 million and an increase in the revaluation reserve of P63.0 million.

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2012 versus 2011

14% decrease in reinsurance premiums
Principally due to lower volume of reinsurance premiums accepted.

6% decrease in retroceded premiums
This is consistent with the lower volume of reinsurance premiums accepted thus resulting to lower retroceded premiums.

31% decrease in net premiums retained.
Lower premium volume and lower retroceded premiums translate to lower net premiums retained.

102% increase in reserve for unearned reinsurance premiums.
Although the level of Reinsurance Premiums generally decreased in 2012, the volume of proportional treaty business booked during the last quarter is higher and since it is subject to the required reserve for unearned reinsurance premiums, this resulted to the higher level of deferred premiums under the 24th method of revenue recognition.

11% decrease in underwriting deductions.
Due to lower claims incurred during the year.

241% increase in net underwriting loss
Largely due to lower premiums earned resulting from higher cost of excess of loss premiums.

9% decrease in investment and other income
Attributable to lower volume of trading activity on equities and interest earned on the fixed income securities.

8% decrease in tax expense.
Due to lower investment income and other income subject to final tax.

90% decrease in net income.
Largely due to higher underwriting loss and lower investment and other income.

Balance Sheet items - 2012 versus 2011

28% decrease in cash and cash equivalents.
Mainly due to payment of cash dividends and certain investment shifted to available-for-sale financial assets (AFS) from short-term investments.

82% increase in reinsurance balances receivable.
Due to increase in recorded reinsurance recoverable on unpaid losses relating to claims payable on Thailand flood losses.

6% increase in available for sale financial assets.
Principally due to additional investments and mark-to-market gains during the year.

22% increase in loans and receivables.
Primarily due to additional investments made in certain fixed-rate corporate promissory notes and sale of equity securities, proceeds of which form part of this account and were still for collection.

10% decrease in property and equipment, net
Due to recorded depreciation being higher than capital expenditures recorded during the year.

29% decrease in deferred acquisition cost.
Consistent with the decrease in reinsurance premiums written.

29% decrease in deferred reinsurance premiums
Principally due to lower level of retroceded premiums recognized under the 24th method of revenue recognition.

13% increase in other assets
Largely due to increases in creditable withholding taxes.

60% increase in reinsurance balances payable
Principally due to increase in losses and claims payable relating to Thailand flood losses incurred in November-December 2011.

32% increase in accounts payable and accrued expenses
Due to unreleased check/wire transfers which were reverted to cash and this account was credited accordingly.

18% decrease in reserve for unearned reinsurance premiums
Essentially due to decrease in gross reinsurance premiums accepted during the year.

44% decrease in deferred reinsurance commissions
Consistent with the decrease in reinsurance premiums retroceded to which this reinsurance commissions earned is related.

Review of 2011 versus 2010

Results of operations

Reinsurance premiums – *net of returns or Gross Premiums Written*. Gross premiums written in 2011 decreased by P755.1 million, or 17.7%, to P3,524.3 million from P4,279.4 million in 2010, reflecting the Company's conservative underwriting stance and its focus on profitability. Declines resulted across all premium sources, as greater selectivity on risk acceptances prevailed. Premiums generated from non-life facultative business decreased by P375.3 million or 18.4% from P2,043.1 million in 2010 to P1,667.7 million in 2011. Non-life treaty premiums declined by P359.6 million or 20.6% from P1,744.9 million in 2010 to P1,385.3 million in 2011, and life premiums decreased by P20.2 million or 4.1% from P491.4 million in 2010 to P471.3 million in 2011.

Reinsurance Premiums Retained or Net premiums retained Reinsurance premiums retained also declined, by P471.4 million (29.5%) to P1,126.5 million in 2011 from P1,597.8 million in 2010. The percentage of decline in net premiums for 2011 was greater than the percentage decline in gross premiums for the year due to a lower retention ratio – 32% in 2011 as against 37% in 2010.

Premiums earned In line with the decline in premiums retained, premiums earned decreased by P434.5 million (26.9%) to P1,182.1 million in 2011 compared to P1,616.6 million in 2010. In 2011, the decrease in the unearned premium reserve was P55.6 million as against a decrease in unearned premium reserve of P18.8 million in 2010. The relatively large decline in 2011 resulted from the drop in the Company's premiums during the year, which resulted in the release of reserves for unearned premium under the 24th method of accounting for reinsurance premiums.

Share in claims and losses Share in claims and losses for 2011 decreased by P895.4 million or 48.7% from P1,838.8 million in 2010 to P943.4 million in 2011, resulting in an improved loss ratio of 79.8% in 2011 from 113.7% in 2010. The improvement in loss ratio reflects lower catastrophe losses and claims received/advised during the year and provides justification for the Company's

tighter underwriting standards.

Commissions – net Consistent with the decline in reinsurance premiums retained, net commissions decreased by P90.1 million or 20.7% from P435.7 million in 2010 to P345.6 million in 2011. However, commission ratio (as a percentage of net premiums retained) increased from 27.3% in 2010 to 30.7% in 2011.

Investment income and other income Investment and other income grew by 56.4% to P768.2 million in 2011 from P491.2 million in 2010, as positive trends continued in the Company's main investment markets of Philippine equities and fixed income securities in 2011.

Interest income decreased by 1.8% to P371.5 million in 2011 from P378.4 million in 2010 as the general low level of interest rates prevailed through most of the year. However, trading gain on equities and fixed income securities amounted to P354.0 million in 2011, more than double the realized gains of P99.3 million in 2010. Foreign currency translation gains also reversed from negative P21.1 million in 2010 to positive P7.7 million in gains for 2011. Dividend income slightly increased from P33.8 million in 2010 to P38.0 million in 2011.

General and administrative expenses General and administrative expenses (GAE) had a marginal increase of 1.1% to P243.2 million in 2011 from P240.6 million in 2010. While the Company successfully controlled operating costs, an allowance for impairment amounting to P32.5 million was booked in 2011 as against a comparable figure of P21.6 million in 2010. Also, depreciation and amortization expenses increased from P20.1 million in 2010 to P28.8 million in 2011 due to additional amortization of capitalized costs related to computerization.

Tax expense The Company's tax expense was flat at P72.1 million in 2011 as against P72.6 million in 2010. Tax expense largely represents the final tax on interest income from the Company's fixed-income portfolio.

Net Profit (Loss) As a result of the aforementioned factors, the Company registered a net income of P345.9 million in 2011 as compared to a net loss of P480 million in 2010.

Financial condition

As of December 31, 2011, total resources of the Company stood at P12,638.1 million, just slightly higher than total resources of P12,553.1 million as of December 31, 2010. Material changes in the Company's resources which contributed to the increase are described below.

Reinsurance balances receivable, net of allowance for impairment of P315.6 million, decreased by P318.3 million or 7.6% to P3,892.2 million in 2011 from P4,210.4 million in 2010 largely as a result of collections and lower level of business volume during the year.

Reinsurance balances receivable include: (1) premiums due from ceding companies (decreased from P1,180.2 million in 2010 to P1,076.6 million in 2011); (2) reinsurance recoverable on unpaid losses (decreased from P2,725.7 million in 2010 to P2,589.6 million in 2011); (3) reinsurance recoverable on paid losses (decreased from P454.5 million in 2010 to P396.6 million in 2011); and, (4) funds held by ceding companies (increased from P133.2 million in 2010 to P145.0 million in 2011). Reinsurance recoverable on losses, which is the largest component of this asset, represents amounts that the Company stands to recover from its retrocessionaires.

Available-for-sale financial assets (AFS) declined by P931.5 million or 14.8% to P5,365.6 million in 2011 from P6,297.1 million in 2010 due to the sale of AFS securities, the proceeds of which were transferred to cash and short-term investments.

Loans and receivables grew by P223.9 million or 62.1% to P584.6 million in 2011 from P360.7 million in 2010 principally due to additional investments in term loans and the inclusion of certain accounts receivable which for collection in early 2012 (proceeds from sale of various equity investments which were sold at the end of the year).

Property and equipment (PPE), net of accumulated depreciation increased by P49.5 million or 63.6% to P127.4 million in 2011 from P77.8 million in 2010. The increase was the result of a reclassification of certain condominium units owned by the company from investment properties to PPE. These units, located at Ayala Life FGU Center were, until March of 2011, being leased to an unrelated party. The lease has since been cancelled and the property after being renovated is now being used by the Company for its own purposes.

Deferred acquisition costs, which mainly consist of commissions, decreased by P60.5 million or 30.5% to P137.9 million in 2011 from P198.4 million in 2010 in line with the decrease in gross reinsurance premiums and net premiums retained.

Deferred reinsurance premiums increased by P50.2 million or 9.8% as of December 31, 2011. This is consistent with the lower retention ratio during the year. Deferred reinsurance premiums pertain to the portion of reinsurance premiums ceded out that relate to the unexpired periods of the policies at the end of each reporting period.

Other assets decreased by 5.3% to P266.1 million in 2011 from P281.0 million in 2010 largely due to reclassification of property no longer intended for rental.

Total liabilities decreased by P19.9 million or 0.30% to P6,584.8 million in 2011(as restated) from P6,604.7 million in 2010. The decrease in total liabilities is explained below:

Reinsurance balances payable slightly decreased by 0.64% or by P34.9 million to P5,427.8 million in 2011 from P5,462.7 million in 2010. This account principally includes amounts due to retrocessionaires, which decreased from P706.5 million in 2010 to P677.8 million in 2011; funds held for retrocessionaires which decreased from P91.8 million in 2010 to P88.6 million in 2011; and claims payable, which slightly decreased from P4,664.4 million in 2010 to P4,661.4 million in 2011. Claims payable represent 85.9% of the total reinsurance balances payable and are being established to provide for future amounts to pay claims related to insured events that have occurred and have been reported but have not yet been settled.

Accounts payable and accrued expenses increased by P71.6 million or 66.0% from P108.6 million in 2010 to P180.3 million in 2011 principally due to increase in defined benefit liability (as restated- P71.1 million) upon the adoption of PAS19 effective January 1, 2013.

Reserve for unearned reinsurance premiums declined to P897.5 million in 2011 from last year's P902.9 million or by P5.4 million due to the decline in the Company's premiums written.

Deferred reinsurance commission decreased by P51.3 million or 39.3% from P130.5 million in 2010 to P79.2 million in 2011, consistent with the decrease in premiums and commissions.

Total equity as of December 31, 2011 grew to P6,053.3 million (as restated), or 1.8% from P5,948.4 million as of December 31, 2010. Contributing to the increase of P104.9 million was the net income posted for the year 2011 of P345.9 million less payment of cash dividends to stockholders on June 21, 2011 amounting to 43.2 million, lower revaluation reserve due to the impact of mark-to-market adjustments amounting to P40.8 million, impact on the re-measurement of the defined benefit liability upon the adoption of PAS 19 of P87 million, prior period adjustments of P9.6 million and repurchase into treasury by the Company of PhilNaRe shares amounting to P60.4 million.

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2011 versus 2010

18% decrease in reinsurance premiums
Principally due to lower acceptances for both life and non-life treaty and facultative business.

11% decrease in retroceded premiums
Due to decrease in reinsurance premiums.

30% decrease in net premiums retained.
Due to lower premium volume and lower retention ratio.

197% decrease in reserve for unearned reinsurance premiums.
Due to higher level of reinsurance premiums not subject to 24th method of revenue recognition.

43% decrease in underwriting deductions.
Due to lower claims incurred during the year.

84% decrease in net underwriting loss
Largely due to lower claims incurred during the year.

56% increase in investment and other income
Attributable to higher trading gains on equities and fixed income securities.

171% increase in net income.
Largely due to smaller underwriting loss and higher investment income.

Balance Sheet items - 2011 versus 2010

177% increase in cash and cash equivalents.
Mainly due to investment shifted from available-for-sale financial assets (AFS) to short-term investments.

8% decrease in reinsurance balances receivable.
Due to collection of receivables.

15% decrease in available for sale financial assets.
Due to sale of AFS securities, the proceeds of which were transferred to cash and short-term investments.

62% increase in loans and receivables.
Primarily due to additional investments made in certain fixed rate corporate promissory notes and sale of equity securities, proceeds of which form part of this account and were still for collection.

64% increase in property and equipment, net
Mainly due to reclassification of certain condominium units owned by the Company from investment properties (included as part of other assets in 2010) to property and equipment (PPE) in 2011.

31% decrease in deferred acquisition cost.
Consistent with the decrease in reinsurance premiums written.

10% increase in deferred reinsurance premiums
Principally due to higher level of retroceded premiums subject to 24th method of revenue recognition.

5% decrease in other assets
Due to the reclassification of property no longer intended for rental (now under PPE)

66% increase in accounts payable and accrued expenses.
Principally due to increase in defined benefit liability upon adoption of PAS 19

39% decrease in deferred reinsurance commissions
Consistent with the decrease in reinsurance premium retroceded.

Key Performance Indicators

	2013	2012	2011
Net Profit (Loss)	P 19 million	P 34 million	P345 million
Earnings per share	P 0.01	P 0.02	P 0.16
Retention ratio	32%	26%	32%
Combined ratio	172%	178%	133%
Return on average equity	0.32%	0.57%	5.8%

The company's key performance ratios for the last three years are described hereunder:

Net Profit (Loss) – The Company's net profit was P19 million in 2013 as compared to Net Profit of P34 million in 2012 (as adjusted) and net profit of P346 million in 2011 (as adjusted).

Earnings per share (EPS) - EPS is computed by dividing net profit by the weighted average number of shares issued and outstanding. The company's EPS was P0.01, P0.02 and P0.16 for the years ended December 31, 2013, 2012 and 2011, respectively.

Retention ratio - indicates the total amount of business risk retained by the company, computed by dividing reinsurance premiums retained by reinsurance premiums (Gross Premiums Written or GPW). Retention ratio for 2013 and 2011 was flat at 32%, higher than retention ratio in 2012 of 26%.

Combined ratio - a measure of performance used by the Company as this measures profitability of its insurance operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means that it is paying more claims and expenses than it should be receiving from premiums. Combined ratio is the sum of loss ratio, commission ratio and expense ratio. The combined ratio was at 172% in 2013, 178% in 2012 and 133% in 2011.

Return on average equity (ROE) - measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners, computed by dividing net income by average equity. ROE for the last three years was at 0.32%, 0.57% and 5.8% for 2013, 2012 and 2011 respectively.

Financial Soundness Indicators

	2013	2012
Current Ratio	1.66	1.65
Asset to Equity Ratio	2.57	2.63
Total Liabilities/Equity	1.57	1.63

Material Event/s and Uncertainties:
Other than the disclosures described in the preceding sections, the Company 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.

Item 7. Financial Statements

Please refer to the attached Audited Financial Statements for 2013, audited by the accounting firm of Punongbayan & Araullo, and signed by partner Mr. Romualdo V. Murcia III.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Punongbayan & Araullo has served as the independent auditor of the Company's financial statements since 2003. The Company has not had any material disagreements on accounting or financial disclosure matters with Punongbayan & Araullo.

External Audit Fees

The following are the aggregate fees (in Philippine Pesos) billed for each of the last three fiscal years for professional services rendered by Punongbayan & Araullo:

	2013	**2012**	**2011**
Audit and audit-related fees	P1,050,000	P 950,000	P1, 248,534
Other assurance and related services	100,000	73,536	40,000
Tax fees	-	-	-
Total	P1,150,000	P1,023,536	P1,288,534

The Audit Committee reviews the external auditor's engagement letter covering their scope of work and the reasonableness of the related professional fee. The Audit Committee recommends for approval of the Board the appointment of the external audit service provider for the subject audit year. The Board approves the appointment subject to ratification by the stockholders during the Company's annual stockholders meeting.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) Directors, Including Independent Directors, and Executive Officers

The Company's Articles of Incorporation provide for a 13-seat Board of Directors. Following is the list of the incumbent members of the Board:

Name	Position	Age	Citizenship
Helen Yuchengco - Dee	Chairperson	69	Filipino
Robert G. Vergara	Vice Chairman	53	Filipino
Roberto B. Crisol	Director/President/Chief Executive Officer	61	Filipino
Alfonso L. Salcedo, Jr.	Director	58	Filipino
Yvonne S. Yuchengco	Director	59	Filipino
Gregorio T. Yu	Director	55	Filipino
Jose Teodoro K. Limcaoco	Director	51	Filipino
Roman Felipe S. Reyes	Director	62	Filipino
Joli Co Wu	Director	47	Filipino
Rafael G. Ayuste, Jr.	Director	50	Filipino
Romeo L. Bernardo	Independent Director	59	Filipino
Ermilando D. Napa	Independent Director	64	Filipino
Medel T. Nera	Independent Director	58	Filipino

Following is the list of the Corporation's key executive officers as of the date of this report:

Name	Position	Age	Citizenship
Roberto B. Crisol	President and Chief Executive Officer	61	Filipino
John E. Huang	Treasurer, Senior Vice President and Financial Management Head	56	Filipino
Noel A. Laman	Corporate Secretary	74	Filipino
Ma. Pilar M. Pilares-Gutierrez	Assistant Corporate Secretary	37	Filipino
Roberto S. de Leon II	First Vice President and Head, Non-Life Operations	54	Filipino
Amerfil V. Basco	Vice President and Head, General Accounting and Financial Reporting	53	Filipino
Rene O. de Guzman	Vice President and Head, Information Technology Services	51	Filipino
Regina S. Ramos	Vice President and Head, Risk and Compliance	51	Filipino
Vicente B. Villarama, Jr.	Vice President and Head, Financial Control	56	Filipino

Term of Office

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

Business experience of the Directors and Officers during the past five (5) years/ Other directorships held in reporting companies naming each company

Helen Yuchengco-Dee, Chairperson of the Board, Director of the Corporation since January 2010. Ms. Helen Y. Dee is the Chairperson of Rizal Commercial Banking Corporation and House of Investments, Inc. She is the Chairperson and President of Hydee Management & Resource Corporation, Financial Brokers Insurance Agency, Inc., Mijo Holdings, Inc. and Tameena Resources, Inc. She also holds Chairmanship positions in various companies, including Malayan Insurance Company, Inc., Petro Energy Resources Corporation, Seafront Resources Corporation, La Funeraria Paz Sucat, RCBC Leasing and Finance Corporation, Landev Corporation, HI-Eisai Pharmaceutical Inc., PetroGreen Energy Corporation, Mapua Information Technology Center, Inc., Manila Memorial Park Cemetery, Inc., Pan Malayan Realty Corporation, RCBC Savings Bank, Xamdu Motors, Inc., and Maibarara Geothermal, Inc. She is the Vice Chairperson of Pan Malayan Management & Investment Corporation and West Spring Dev. Corp. She likewise holds directorship positions in Philippine Long Distance Telephone Company, Sun Life GREPA Financial, Inc., MICO Equities, Inc., Isuzu Philippines, Honda Cars Philippines, Inc., AY Holdings, Pan Malayan Express, Honda Cars Kalookan, and Philippine Integrated Advertising Agency, Inc.; Director and Chairman of Excom of RCBC Forex Brokers Corp.; and Director and Excom Member of Great Life Financial Assurance, Corp. She is the President of the following: YGC Corporate Services, Inc., GPL Holdings and Moira Management, Inc.; Vice President of A.T. Yuchengco, Inc. and Treasurer of Business Harmony Realty, Inc. Ms. Dee is a Board of Trustee member of the Mapua and the Philippine Business for Education, Inc. She also serves as Board member of the EEI Corporation. She graduated from Assumption College with a Bachelor of Science degree in Commerce and completed her Masters in Business Administration at De La Salle University.

Robert G. Vergara, Vice Chairman of the Board, Director of the Corporation since October 2010. Mr. Robert G. Vergara is presently the President and General Manager of the Government Service Insurance System (GSIS). Concurrently, he sits as a Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Housing and Urban Development Coordinating Council and Philippine National Construction Corporation. Prior to his appointment to GSIS, Mr. Vergara was Managing Director and the Founding Partner of Cannizaro Limited (Hong Kong), a multi-strategy hedge fund manager investing in Asian markets. He was a Principal of Morgan Stanley Ltd. from 1997 to 2001 where he set up and managed each firm's Asian proprietary trading activities. Immediately before that, Mr. Vergara worked at IFM Trading, a pioneering hedge fund based in the city of London that specialized in arbitrage and derivative trading strategies in global capital markets. He graduated from the Harvard Graduate School of Business Administration in Massachusetts, USA, in 1986 and he earned his Bachelor of Science degrees in Management Engineering and Mathematics, *magna cum laude*, from the Ateneo de Manila University in 1982.

Roberto B. Crisol, Director, President and Chief Executive Officer since January 2009. Mr. Roberto B. Crisol is currently the President and Chief Executive Officer of National Reinsurance Corporation of the Philippines (PhilNaRe), since January 1, 2009. He had previously served as PhilNaRe's Executive Vice President and Chief Operating Officer from 2002 to 2007. Prior to this, he was the Deputy Regional Manager of the Manila-based Asian Regional Office of MAPFRE RE Compania de Reaseguros, S.A., Spain from 1990 to 2002. He was responsible for the firm's Southeast Asian portfolio. He started his insurance career in 1974 with the then Insular Life-FGU Insurance Group as a management trainee/instructor. He subsequently joined Universal Reinsurance Corporation where he held various positions until 1989, the last of which was as Vice President of the Non-Life Foreign Business & Retrocession Division. Mr. Crisol is currently a

member of the Board of Trustees of the Insurance Institute for Asia and the Pacific and its Non-Life Educational Council. He is also a member of the Education Sub-Committee of the Philippine Insurers and Reinsurers Association ("PIRA") and its ad-hoc committee on the establishment of a Philippine catastrophe pool. He has written articles on the Philippine reinsurance market for regional insurance publications and presented papers at local and regional insurance and reinsurance symposia. He completed his elementary and high school education at the Ateneo de Manila University. He then earned his Bachelor of Arts degree, major in Economics, *cum laude,* from the University of the Philippines in 1973. He has attended various insurance, reinsurance and management courses locally as well as in Asia and Europe.

Roman Felipe S. Reyes, Director, since November 2013. Mr. Roman Felipe S. Reyes is a member of the GSIS Board of Trustees. In his private capacity, he is the Chairman of Reyes Tacandong & Co. and Nicanor Reyes Memorial Foundation. He is also an Independent Director of Philippine Geothermal Production Company, Pasudeco, All Asian Countertrade, RPN 9, Bank of Commerce and Century Peak Metals Holdings Corporation. Likewise, he serves as a Director and Chairman of the Audit Committee of Rockwell Club and as Trustee of San Beda College Alumni Association Foundation. He was a Senior Partner and Vice Chairman of SGV & Co. (1984-2009), President of Knowledge Institute (2009) and Supervisor of Ernst & Young New York (1976-1979). Mr. Reyes earned his Bachelor of Science degree in Commerce, major in Accounting, from San Beda College in 1972. He also obtained an MBA degree in Finance from the University of Detroit in 1975.

Jose Teodoro K. Limcaoco, Director since June 2009. Mr. Jose Teodoro K. Limcaoco is the President of BPI Family Savings Bank ("BFSB"), the consumer banking arm of BPI and the largest thrift bank in the Philippines. He has served in this capacity since 2010. Mr. Limcaoco is responsible for the bank's consumer lending (retail mortgage and auto loans), commercial loans to entrepreneurs and small businesses, and card banking business. Prior to BFSB, between 2007 and 2010, Mr. Limcaoco was President of BPI Capital Corporation, the BPI's investment banking arm. He is also concurrently a Managing Director of Ayala Corporation and serves on Board of Directors of BPI/MS Insurance Corp., BPI's property and casualty joint venture with Mitsui Sumitomo Insurance; and Ayala Plans. Prior to joining Ayala Corp., Mr. Limcaoco headed the office of Barclays PLC in the Philippines. His work experience before that included running the Asian currency derivatives business for J.P. Morgan & Co. Inc. ("J.P. Morgan") in Singapore and developing capital markets risk management systems in New York. Before banking, Mr. Limcaoco worked in the tech industry, as a programmer at VLSI Technology, a semiconductor firm in Silicon Valley. Mr. Limcaoco received BS degree in Mathematical Sciences (Honors Program) from Stanford University. He received an MBA from the Wharton School, University of Pennsylvania in 1988.

Alfonso L. Salcedo, Jr., Director since June 2002. Mr. Alfonso "Yogi" L. Salcedo is the Executive Vice President and Head of Corporate and Investment Banking Group of Bank of the Philippines Islands. He steers the bank's lending business Top Corporates, Middle Market, SME, Agriculture and Sustainable Energy. Prior to his present position, he was the President of BPI Family Savings Bank (2004-2010), the largest savings bank in the Philippines and a wholly owned subsidiary of BPI. He has held the following positions: President, BPI Insurance Group, BPI Bancassurance, Inc., Ayala Life Assurance, Inc., Ayala Plans, Inc.; President of Allstate Life Insurance (Phils.); Country Marketing Director of Citibank, N.A. (Manila); Marketing Manager of Nippon Vicks KK (Japan); and Richardson Vicks Philippines. Mr. Salcedo received his A.B. Economics Honors degree, with honors, from Ateneo de Manila University in 1977. He also completed the Advanced Management Program at Harvard Business School in 2006.

Gregorio T. Yu, Director since December 2010. Mr. Gregorio T. Yu is a Trustee of the Government Service Insurance System (GSIS). He is concurrently Chairman of CATS Motors Inc., CATS Automobile Corporation, Chairman of American Motorcycles, Inc. and Auto Nation Group. He is also the Chairman of the Executive Committee of Philippine Bank of Communications and Vice Chairman of Sterling Bank of Asia. He is also a Trustee of Xavier

School Inc., and Vice Chairman of Sterling Bank of Asia. He is also a Trustee of Xavier School, Inc. and Chairman of Xavier School Educational and Trust Fund, Inc., a Board Member of the Ballet Philippines and The Manila Symphony Orchestra. He is a director of CATS Asian Cars Inc, Philippine Airlines, Philequity Fund Inc., Vantage Equities Inc., Iremit Inc., Unistar Credit and Finance Corporation, Glyph Studios Inc., Prople BPO Inc., Yehey Corporation, iRipple Inc., WSI Corporation, Nexus Technologies, Jupiter System Corporation and CMB Partners, Inc. He received his MBA from the Wharton School of the University of Pennsylvania and his Bachelor of Arts in Economics (Honors Program) Summa Cum Laude from De La Salle University.

Yvonne S. Yuchengco, Director since June 2006. Ms. Yvonne S. Yuchengco is the President and Director of Malayan Insurance Company, Inc. and MICO Equities, Inc. since 1995, Pacific Fund Inc., and Philippine Integrated Advertising Agency, Inc. She is currently the Chairperson and Director of the following: RCBC Capital Corporation, Malayan Plaza Condominium Association Inc. and Y Tower II Office Condominium Corp; Chairperson and President of Yuchengco Tower Office Condominium Corporation; Chairperson of First Nationwide Assurance Corporation and XYZ Assets Corporation; Advisory Board Member of Rizal Commercial Banking Corporation; CFO, Treasurer and Director of Pan Malayan Management & Investment Corporation; Treasurer and Director of Honda Cars Kalookan, Inc, Mona Lisa Development Corp. and Petroenergy Resources Corporation; Director of Pan Malayan Realty Corporation, Malayan Insurance (U.K), Malayan Insurance (H.K), Malayan International Insurance Corporation, Manila Memorial Park, Inc., La Funeraria Paz Sucat Inc., iPeople Inc., Seafront Resources Corporation, Malayan High School of Science Inc., House of Investments, Inc., HYDee Management and Resource Corporation, Malayan Colleges, Inc, Luisita Industrial Park Corporation, Malayan Colleges Laguna, Inc., Asia-Pac Reinsurance Co., Ltd., AY Holdings, Inc., GPL Holdings, Inc., Pan Malayan Express, Inc., Pan Pacific Computer, Inc., RCBC Land, Inc., Shayamala Corporation, and YGC Corporate Services, Inc.; Trustee of AY Foundation, and Mapua Institute of Technology; Trustee and Vice Chairperson of Yuchengco Museum, Inc.; and Assistant Treasurer of Enrique T. Yuchengco Inc. She was also formerly President of the PIA/Phil-Asia Assistance Foundation, Inc. She graduated with a Bachelor of Arts degree from Ateneo de Manila University in 1977 and took up further studies in UAP under SBEP program.

Romeo L. Bernardo, Independent Director since June 2006. Mr. Romeo L. Bernardo is the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is also a GlobalSource economist in the Philippines. He is Chairman of ALFM Family of Funds and Philippine Stock Index Fund. He is likewise a Director of several companies and organizations including Aboitiz Power, BPI, Globe Telecom Inc., RFM Corporation, Philippine Investment Management, Inc. (PHINMA), Philippine Institute for Development Studies (PIDS), BPI-Philam Life Assurance Corporation and Institute for Development and Econometric Analysis. He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was an Advisor of the World Bank and the IMF (Washington D.C.). Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (*magna cum laude*) and a Masters degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

Ermilando D. Napa, Independent Director since June 2011. Mr. Ermilando D. Napa's business experience for the past five years includes directorships in Manila Consulting & Management Company, Inc., Century Woods, Inc. and Catanauan Resources and Development Corporation. Mr. Napa currently serves as Director and Chairman of the Audit Committee of the CIIF Oil Mills Group, Insurance Commission's appointed Conservator for National Life and Insurance Company, and Shareholder and Director of the L'Opera Group of Restaurants. He is the Founder and CEO of Manila Consulting & Management Company, Inc., Century Woods, Inc. and Catanauan Resources and Development Corporation. Previously, he was a Partner of SyCip Gorres Velayo & Company (Philippines) and also a Principal of Kassim Chan & Company in Kuala Lumpur, Malaysia, a former member firm of SGV Group and Delloite Haskins & Sells International. He was also a former Manager of Arthur Andersen in New York. He has attended special training and various courses such as Strategic Management in St. Charles Chicago,

Corporate Finance in New York and IMPACT Productivity Improvement in St. Charles, Chicago. Mr. Napa holds a degree of Bachelor of Science in Business Management from the Aquinas University where he graduated in 1970. He obtained his Masters in Management at the Asian Institute of Management in 1980.

Medel T. Nera, Independent Director since July 2011. Mr. Medel T. Nera is the President and CEO of House of Investments, Inc. and President of RCBC Realty Corp. He serves as Director of House of Investments and its significant subsidiaries and associates. He also serves as Director of Rizal Commercial Banking Corporation and Seafront Resources Corp. He was a former senior partner of SyCip, Gorres, Velayo and Co., CPAs (SGV) where he served as Financial Services Practice Head. He also serves as Director and Treasurer of CRIBS Foundation Inc. Mr. Nera holds a degree in Bachelor of Science in Commerce from Far Eastern University where he graduated in 1976. He obtained his Master of Business Administration degree from New York University in 1982.

Rafael G. Ayuste, Jr. Director since June 2012. Mr. Rafael G. Ayuste, Jr. is a Senior Vice President (Wealth Advisory and Trust Group) of BDO Private Bank, Inc. Prior to this, he was First Senior Vice President and Head of the Trust Banking Group of Philippine National Bank from 2009-2013; Vice President and Head of Retail Branch Business, Citibank Savings of Citibank N.A. Philippines from August 2008 to November 2009; Senior Vice President/Deputy Group Head of Trust banking of the Metropolitan Bank and Trust Company through merger with Global Business Bank from 2000 to 2008; Vice President/Head-Securities Distribution of the Banco Santander Philippines, Inc. from 1999 to 2000; Vice President/Head-Trust Division, Security Bank Corporation from 1996 to 1999; Assistant Vice President and Head of Peso and Dollar Trading Desks of Citibank, N.A., Citibank Global Asset Management (CGAM) from 1989 to 1996. Concurrently, he is the President and Director of the Trust Officers Association of the Philippines (TOAP) and former Director from 2003 to 2006 where he was elected President in 2005. He has attended various seminars such as Risk Management, Citibank Phils., 1995; Financial Risk Management, Pi Eta Singapore, 2004; Risk Management, BNP Paribas, 2006; Corporate Governance, Bankers Association of the Philippines (BAP), 2007. He obtained his Bachelor of Science degree major in Business Administration from the University of Sto. Tomas in 1986.

Joli Co Wu, Director from 2004-2006 and since June 2013. Ms. Joli Co Wu is the President and Chief Executive Officer of Seaboard-Eastern Insurance Company, Inc. since August 2004. Prior to this, she was the First Vice President in charge of Marine, Aviation and Personal Accident. She started her career in Insurance in 1993 as the Assistant Vice President in charge of Marine and Aviation and slowly incorporated Motor and Casualty underwriting to her work experience. She is currently a director of QBE Seaboard Insurance Philippines. Throughout her career, she has attended management, insurance and reinsurance courses, both local and international, to help hone her experience in the Industry. She is a member of the Board of Trustees of the Insurance Institute for Asia and the Pacific and is an officer of the Marine Underwriters of the Philippines. Ms. Wu attended the Immaculate Conception Academy for her primary and secondary education and graduated with a degree in Bachelor of Arts, Major in Financial Management from the Catholic University of America, Washington DC.

Noel A. Laman, Corporate Secretary since June 2007. Atty. Noel A. Laman is a founder and a Senior Partner of Castillo Laman Tan Pantaleon & San Jose Law Offices. He serves as Corporate Secretary of Boehringer Ingelheim (Phils.), Inc., Merck Inc. and Eli Lilly (Phils.), Inc. He also serves as Corporate Secretary of DMCI Holdings, Inc. and its various subsidiaries. He obtained his Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of the Philippines College of Law. He obtained a Master of Laws degree in 1963 from the University of Michigan Law School as a De Witt scholar. His law practice concentrates on corporation and general business law, foreign investments, mergers and acquisitions and intellectual property law. He is an active member of the Intellectual Property Association of the Philippines, the Intellectual Property Foundation, and the Philippine Bar Association. Atty. Laman is the recipient

of a number of awards, plaques, citations, and certificates of appreciation as invited speaker, resource person and conference chairman of various law and business symposia. He is the firm representative to the SGC Legal, an international association of law firms and to the German Philippines Chamber of Commerce (Makati City).

Ma. Pilar M. Pilares-Gutierrez, Assistant Corporate Secretary since December, 2002. She is presently a Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. She obtained her Bachelor of Science degree major in Legal Management from the Ateneo de Manila University in 1997 and her Bachelor of Laws Degree from the University of the Philippines, College of Law in 2001. She is the Assistant Corporate Secretary of DMCI Holdings, Inc. and its various subsidiaries. She holds the position of Corporate Secretary/Assistant Corporate Secretary in several other Philippine corporations.

John E. Huang, Treasurer, Senior Vice President and Head, Financial Management. Mr. John E. Huang joined Universal Malayan Re (UMRe) in 2004 as its Chief Finance Officer. Prior to joining UMRe, he held the positions of Chief Financial Officer of C&P Homes, Inc., Senior Vice President of Urban Bank, and Vice President of First National Bank of Boston. He graduated with a Bachelor of Arts degree in Economics Honors, *magna cum laude*, from the Ateneo de Manila University in 1978, and obtained his Masters degree in Business Administration from the Harvard Business School in 1982.

Roberto S. De Leon II, First Vice President and Head, Non-Life Operations. Mr. De Leon joined FGU Insurance Corporation as a Management Trainee in 1982 before joining URC in 1989 as Assistant Manager, handling marketing and underwriting for both treaty and facultative accounts. He graduated from the De La Salle University with a Bachelor of Science degree in Commerce, major in Marketing, in 1982.

Amerfil V. Basco, Vice President and Head, General Accounting and Financial Reporting. Ms. Basco has served in various capacities in the Corporation for over 17 years. She is a Certified Public Accountant and obtained her Bachelor of Science in Commerce, Major in Accounting from the Far Eastern University in 1982.

Regina S. Ramos, Vice President and Head, Risk and Compliance. Prior to joining the Company in July 2000, Ms. Ramos was employed with Development Insurance and Surety Corporation in various capacities from May 1987 to April 2000. After taking the 1982 CPA Board Licensure Examination, she joined SGV & Co. until April 1987. Ms. Ramos is a Certified Public Accountant. She has also earned her designation as a Certified Internal Auditor in November 2004. She obtained her degree in Bachelor of Science in Commerce, major in Accounting from St. Paul College, Manila in 1982.

Vicente B. Villarama, Jr., Vice President and Head, Financial Control. Mr. Villarama has been with the Corporation since 1983. He was the Manager for the General Accounting Department since 2000. He is a Certified Public Accountant and obtained his Bachelor of Science in Commerce, major in Accounting from the Baliuag University in 1982.

Rene De Guzman, Vice President and Head, Information Technology Services. Mr. De Guzman joined the Company in March 2009. Prior to that, he was a lecturer for the Masters in Management Program of the University of the Philippines Extension Program in Clark and Subic. He was Information Technology Manager at Janssen Pharmaceutica, a division of Johnson & Johnson Phils., Inc. from 1994 to 2008. He obtained his Master's Degree in Business Administration in 2007 and Master's Degree in Information Management in 2004, both from the Ateneo de Manila University. He graduated with a degree in Bachelor of Science in Industrial Engineering from the University of the Philippines in 1984.

(2) Significant Employees

Although the Corporation has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team, the Corporation is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete with the Company upon termination.

(3) Family Relationships

Ms. Helen Yuchengco-Dee and Ms. Yvonne S. Yuchengco, both directors of the Corporation, are sisters, and thus, are related to each other within the second degree of consanguinity.

(4) Involvement in Certain Legal Proceedings

To the best of the Corporation's knowledge, there has been no occurrence during the past 5 years up to the present date of this report of any of the following events that are material to an evaluation of the ability and integrity of any director, any nominee for election as director, executive officer, or controlling person of the Corporation:

- Any bankruptcy petition filed by or against any business of which the person was a general partner or executive officer, either at the time of the bankruptcy or within 2 years prior to that time;

- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, traffic violations and other minor offenses;

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and

- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

ANNUAL COMPENSATION IN PHILIPPINE PESOS

Name	Year	Salary	Bonus	Other annual compensation	Total
CEO and key executive officers named	2012	18,327,000	3,054,500	1,153,880	22,535,380
All other officers and directors as a group unnamed		12,103,200	2,017,200	4,763,386	18,883,786
CEO and key executive officers named	2013	15,071,550	2,779,683	2,633,170	20,484,403
All other officers and directors as a group		12,495,750	2,167,004	5,979,788	20,642,542

Name	Year	Salary	Bonus	Other annual compensation	Total
unnamed					
CEO and key executive officers named	2014 (Estimates)	19,679,940	3,962,490	1,227,635	24,870,065
All other officers and directors as a group unnamed		7,219,260	1,096,210	5,018,463	13,333,933

Officers and directors named for 2013 include the following:

1. Roberto B. Crisol, President and CEO (contract expires on March 31, 2014)
2. John E. Huang, Treasurer, Senior Vice President and Head, Financial Management;
3. Roberto S. De Leon II, First Vice President and Head, Non-life Operations;
4. Augusto C. Cipriano, First Vice President and Head, Life Operations (retired effective June 1, 2013);
5. Regina S. Ramos, Vice President and Head, Risk and Compliance; and
6. Amerfil V. Basco, Vice President and Head, General Accounting and Financial Reporting.

The Corporation's Amended By-Laws (Article III, Section 8) provide that such per diem as the Board of Directors may approve shall be paid to each director for attendance at any meeting of the Board; provided however, that nothing herein contained shall be construed to preclude any director from receiving such bonuses, other than per diems, as provided elsewhere in the Corporation's Amended By-Laws, or from serving in any other capacity and receiving compensation there from, subject to approval thereof by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders' meeting. In this connection, Section 30 of the Corporation Code of the Philippines states that "in no case shall the total yearly compensation of directors, as such directors, exceed ten percent (10%) of the net income after tax of the corporation during the preceding year."

Each director of the Corporation receives a per diem based on the following schedule for attendance in meetings of the Board of Directors/ Committees:

A. Board Meetings	
Chairman	₱ 50,000
Vice-Chairman	45,000
Independent Directors	20,000
Regular Directors	17,000

B. Committees' Meetings	
Independent Directors	₱ 6,000
Regular Directors	5,000

Aside from the above, no other resolution relating to director's remuneration has been adopted by the Board of Directors.

Among the executive officers of the corporation, Mr. Roberto B. Crisol, the President and Chief Executive Officer, is covered by an employment contract, which will expire on March 31, 2014.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of December 31, 2013, the record and/or beneficial owners of more than 5% of the outstanding Common Shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
Common	Bank of Philippine Islands, Ayala Avenue corner Paseo de Roxas, Makati City	Bank of Philippine Islands, Ayala Avenue corner Paseo de Roxas, Makati City	Filipino	290,795,500	13.69%
Common	PCD Nominee Corporation (Filipino)[1], G/F MSE Building, 6754 Ayala Avenue, Makati City	Government Service Insurance System[2], New GSIS Headquarters, Financial Center, Pasay City	Filipino	546,466,200	25.73%
Common	PCD Nominee Corporation (Filipino)[1], G/F MSE Building, 6754 Ayala Avenue, Makati City	MICO Equities Inc.[2] Yuchengco Bldg., 484 Quintin Paredes Street Manila	Filipino	273,717,100	12.89%

[1,2]The PCD is not related to the Company. The 546,466,200 shares and 273,717,100 shares beneficially owned by GSIS and MICO Equities, respectively, form part of the 1,568,391,733 shares registered in the name of PCD Nominee Corporation (Filipino).

(2) Security Ownership of Management

The following table sets forth as of Dec. 31, 2013, the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Helen Y. Dee	100 Record	Filipino	0.000005%
Common	Robert G. Vergara	1,000 Record	Filipino	0.000047%
Common	Gregorio T. Yu	1,000 Record	Filipino	0.000047%
Common	Alfonso L. Salcedo, Jr.	1,316,000 Record	Filipino	0.061975%
Common	FGU Insurance Corporation	100	Filipino	0.000005%

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
	(assigned to Alfonso L. Salcedo, Jr. as nominee director)	Beneficial		
Common	Roberto B. Crisol	1,000 Record	Filipino	0.000047%
Common	Yvonne S. Yuchengco	26,000 Record	Filipino	0.001224%
Common	Malayan Insurance Company, Inc. (assigned to Yvonne S. Yuchengco as nominee director)	100 Beneficial	Filipino	0.000005%
Common	Ermilando D. Napa	1,000 Record	Filipino	0.000047%
Common	Jose Teodoro K. Limcaoco	100 Record	Filipino	0.000005%
Common	Romeo L. Bernardo	4,100 Record	Filipino	0.000193%
Common	Roman Felipe S. Reyes	1,000 Record	Filipino	0.000047%
Common	Medel T. Nera	1,000 Record	Filipino	0.000047%
Common	Joli Co Wu	894,100 Record	Filipino	0.042103%
Common	Rafael G. Ayuste, Jr.	100,000 Record	Filipino	0.004709%
Common	**TOTAL FOR DIRECTORS**	**2,346,600**		**0.110501%**
Common	Amerfil V. Basco	31,800 Record	Filipino	0.001497%
Common	Vicente B. Villarama, Jr.	12,800 Record	Filipino	0.000603%
Common	**TOTAL FOR OTHER OFFICERS**	**44,600**		**0.002100%**
Common	**GRAND TOTAL**	**2,391,200**		**0.112601%**

All the above named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.

Changes in Control

From January 1, 2013 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement which may result in a change in control of it.

Item 12. Certain Relationships and Related Transactions

The Company's corporate governance manual provide that related party transactions shall be fully disclosed and conducted on terms that are comparable to normal commercial practices to safeguard the best interest of the Corporation and its stakeholders.

The following table show (in millions of Philippine Pesos) premiums written, retroceded and related income accounts between the Corporation, its Principal Shareholders, related parties under common ownership and companies represented by other members of the Board of Directors for 2013 and 2012 (refer to note 19 of the accompanying audited financial statements):

Shareholder/Related Party/Director Corporation	**2013**					
In Million PHP	Premiums	Retrocessions	Commission Income	Commission Expenses	Losses Incurred	Loss Recoveries
GSIS	**47.00**	**.10**	**.04**	**8.28**	**266.96**	**.01**
BPI-Philam Life	4.07	(1.34)	-	-	5.31	.12
BPI/MS Insurance	233.76	-	-	75.04	58.23	-
FGU Insurance Corp	-	-	-	-	-	-
Total BPI Group	**237.83**	**(1.34)**	**-**	**75.04**	**63.54**	**.12**
First Nationwide Assurance Corp.	.11	-	-	.02	-	-
Sunlife GREPA Financial	5.93	1.12	.02	.03	.35	-
Great Life Financial	-	-	-	-	-	-
Malayan Insurance	78.32	-	-	14.52	27.11	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	**84.36**	**1.12**	**.02**	**14.57**	**27.46**	**-**
GRAND TOTAL	**369.19**	**(.12)**	**.06**	**97.89**	**357.96**	**.13**

Shareholder/Related Party/Director Corporation	**2012**					
In Million PHP	Premiums	Retrocessions	Commission Income	Commission Expenses	Losses Incurred	Loss Recoveries
GSIS	**327.37**	**-**	**-**	**59.33**	**59.39**	-
BPI-Philam Life	35.66	1.60	-	-	5.54	.28
BPI/MS Insurance	214.04	-	-	64.03	59.62	-
FGU Insurance Corp	-	-	-	-	-	-
Total BPI Group	**249.70**	**1.60**	**-**	**64.03**	**65.16**	**.28**
First Nationwide Assurance Corp.	.20			.05	-	-
Sunlife GREPA Financial	1.40	2.07	.03	.02	.77	.07
Great Life Financial	-	-	-	-	-	-
Malayan Insurance	63.26	14.28	1.66	11.89	17.94	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	**64.86**	**16.35**	**1.69**	**11.96**	**18.71**	**.07**
GRAND TOTAL	**641.93**	**17.95**	**1.69**	**135.32**	**143.26**	**.35**

The following tables show (in millions of Philippine Pesos) reinsurance balances receivable from and payable to related parties as a result of the above transactions as of December 31, 2013 and 2012 (refer to Note 19 of the accompanying audited financial statements):

Shareholder/Related Party/Director Corporation	**2013**					
In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Claims Payable	Due to Retro-cessionaire	Funds held for retro
GSIS	**194.29**	**78.43**	**1.06**	**669.97**	**-**	-
BPI-Philam Life	4.74	-	-	4.46	. 16	-
BPI/MS Insurance	35.43	.14	62.64	891.17	.29	.16
FGU Insurance Corp	-	.34	.02	3.07	.59	-
Total BPI Group	**40.17**	**.48**	**62.66**	**898.70**	**1.04**	**.16**
First Nationwide Assurance Corp.	.	.02	-	50.07	.06	-
Sunlife GREPA Financial	7.92	-	-	3.55	3.09	-
Great Life Financial	.79	-	-	-	-	-
Malayan Insurance	14.76	18.13	.07	160.21	9.54	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	**23.47**	**18.15**	**. 07**	**213.83**	**12.69**	**-**
GRAND TOTAL	**257.93**	**97.06**	**63.79**	**1,782.50**	**13.73**	**.16**

Shareholder/Director Corporation	**2012**					
In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Claims Payable	Due to Retro-cessionaire	Funds held for retro
GSIS	**287.05**	**77.40**	**1.06**	**817.13**	**-**	-
BPI-Philam Life	21.32	.12	-	9.76	. 26	-
BPI/MS Insurance	25.51	.14	59.82	100.23	.48	.16
FGU Insurance Corp	-	.35	.01	3.07	.38	-
Total BPI Group	**46.04**	**.61**	**59.83**	**113.06**	**1.12**	**.16**
First Nationwide Assurance Corp.	.04	-		50.08	.03	-
Sunlife GREPA Financial	2.38	-	-	3.55	2.04	-
Great Life Financial	.79	-	-	-	-	-
Malayan Insurance	10.84	18.13	.08	109.57	6.63	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	**14.05**	**18.13**	**. 08**	**163.20**	**8.70**	**-**
GRAND TOTAL	**347.14**	**96.14**	**60.97**	**1,093.39**	**9.82**	**.16**

In addition, the Corporation has entered into the following agreements with the Bank of Philippine Islands:

1. *Custodianship Agreement:* On December 14, 2006, the Corporation entered into a Custodianship Agreement with BPI for purposes of opening and maintaining a custodianship account with BPI over securities pertaining to the Corporation. BPI acts as a depositary of such securities. For services rendered, BPI is entitled to the custodianship fees based on the net asset value of the fund. The Agreement shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

2. *Investment Management Agreement.* On December 14, 2006, the Corporation entered into an Investment Management Agreement with BPI for purposes of appointing BPI as Investment Manager and to invest and reinvest the funds deposited in an investment management account with BPI. As compensation for services, BPI shall be entitled to collect such reasonable compensation to be paid out of the fund. The Agreement shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

3. *Retirement Fund Investment Management Agreement.* On March 28, 2007, the Board of Trustees of the National Reinsurance Corporation Employees Retirement Plan entered into a Trust Agreement with BPI for purposes of appointing BPI as Trustee and Investment Manager of National Reinsurance Corporation of the Philippines Employees Retirement Plan and to invest and reinvest the funds deposited in an investment management account with BPI. As compensation for services, BPI shall be entitled to collect such reasonable compensation to be paid out of the fund. The Agreement shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

There are no other parties, aside from the related parties discussed herein, with whom the Corporation has a relationship that enables the parties to negotiate terms of material transactions that may not be available to other more clearly independent parties on an arm's length basis.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance *(Disclosure for this section is no longer required per SEC Memorandum No. 5, Series of 2013, item V)*

.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports

(a) Exhibits – See accompanying Index of Exhibits

(b) Reports on SEC Form 17-C

Items reported under SEC Form 17C during the last six months include the following:

- March 20, 2014 re: Approval of the Audited Financial Statement as of December 31, 2013, Appointment of Punongbayan & Araullo as external auditor, amendment of the Articles of Incorporation to indicate specific address, resignation of Mr. Roberto B. Crisol as Director / President & CEO effective April 01, 2014 and nomination and election of Mr. Augusto Hidalgo as Director/President and CEO of the Corporation effective same date.

- February 20, 2014 re: Record date for 2014 Annual Stockholders' Meeting is May 28, 2014 and appointment of Punongbayan and Araullo as canvassers for the 2014 Annual Stockholders' Meeting.

- February 12, 2014 re: Compliance with SEC Memorandum Circular No. 20, Series of 2013, Attendance of Company Officers in a Corporate Governance Training.

- January 21, 2014 re: Corporate Secretary's Sworn Certification on the Attendance in Board meetings of each director for the year 2013, pursuant to the Code of Corporate Governance which is enforced by the Securities and Exchange Commission.

- January 16, 2014 re: Rescheduling of the annual stockholders meeting of the Company from June 25, 2014 to July 7, 2014 at 3 p.m. at the Carlos P. Romulo Auditorium, RCBC Plaza, Makati City. This is due to conflict in schedule and unavailability of the meeting venue.

- December 19, 2013 re: Renewal of the contract of the President from January 1, 2014 to March 31, 2014; Consolidation of our office at the 31st and 27th Floor, Ayala Life FGU Center 6811 Ayala Avenue, Makati City effective January 1, 2014; and the closure of the company's existing head office located at the 18th Floor, Philippine AXA Centre, Sen. Gil Puyat Ave. corner Tindalo Streets, Makati City effective January 1, 2014.

- November 21, 2013 re: Organizational Change: Resignation of Director Danilo A. Gozo being a nominee director of GSIS in PhilNaRe, his term as GSIS Trustee has expired. He was replaced by another GSIS Trustee Nominee, Mr. Roman Felipe S. Reyes.

- September 20, 2013 re: Company's Streamlining Program, to be implemented not later than November 1, 2013.

- September 20, 2013 re: Compliance with the requirements of SEC Memorandum Circular No. 4, Series of 2012 on the Guidelines for the Assessment of the performance of Audit Committees of Companies Listed on the Exchange.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 31, 2014.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Issuer

By:

ROBERTO B. CRISOL
Principal Executive Officer (CEO)
(Principal Operating Officer)

NOEL A. LAMAN
Corporate Secretary

VICENTE B. VILLARAMA, JR.
Financial Control Head
(Principal Financial Officer, Accounting Officer & Comptroller)

SUBSCRIBED AND SWORN to before me this MAR 31 2014 day of March, 2014 affiant(s) exhibiting to me their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Roberto B. Crisol	10860431	Jan. 13, 2014	Makati City
Vicente B. Villarama	07830040	Jan. 28, 2014	Quezon City
Noel A. Laman	02259051	Feb. 11, 2014	Makati City

ATTY. HOBERT N. LLUZ
NOTARY PUBLIC
Until December 31, 2015
Appt. No. Notary Public City
IBP #942830, Nov. 12, 2013-RSM
PTR #4225542, Jan. 02, 2014-Makati
S.C. Roll No. 59597
MCLE Compliance No. IV-0011330
Unit 6E Cityland Herrera Tower
#98 Rufino St. cor. Valero St.
Salcedo Village, Makati City

Doc. No.: 157;
Page No.: 33;
Book No.: 75;
Series of 2014

EXHIBIT TABLE

SECURITIES REGULATION CODE FORMS

	Description	**17-A**
3	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	**N.A.**
5	Instruments Defining the Rights of Security Holders, Including Indentures	**N.A.**
8	Voting Trust Agreement	**N.A.**
10	2012 Financial Statements and Independent Auditors' Report (with notarized Statement of Management Responsibility and SEC Supplementary Schedules)	**Attached**
13	Letter re: Change in Certifying Accountant	**N.A.**
15	Letter re: Change in Accounting Principles	**N.A.**
16	Report Furnished to Security Holders	**N.A.**
18	Subsidiaries of the Registrant	**N.A.**
19	Published Report Regarding Matters Submitted to Vote of Security Holders	**N.A.**
20	Consents of Experts and Independent Counsel	**N.A.**
21	(a) Power of Attorney (b) Power of Attorney—Foreign Registrant	**N.A.**
29	Additional Exhibits	**N.A.**

N.A. - *Not applicable or require no answer.*

PhilNaRe

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City 1227, Philippines * Trunk Line: +632 988-7400 * Fax: +632 988-7457
Website: www.nrcp.com.ph * E-Mail Address: nrcp@nrcp.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **National Reinsurance Corporation of the Philippines** (the Company), is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2013 and 2012 in accordance with Philippine Financial Reporting Standards, including the following additional components attached therein:

a. Supplementary schedules required under Annex 68-E of the SRC
b. Reconciliation of retained earnings available for dividend declaration
c. List of standard and interpretations under Philippine Financial Reporting Standards as of December 31, 2013

This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing and, and in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

HELEN Y. DEE
Chairperson of the Board

ROBERTO B. CRISOL
President & Chief Executive Officer

JOHN E. HUANG
Treasurer

VICENTE B. VILLARAMA, JR.
Financial Control-Head

SUBSCRIBED AND SWORN TO before me this MAR 31 2014 day of 2014 at the City of Makati. Affiants exhibited to me their Community Tax Certificate Nos.

Name	Com. Tax Cert. No.	Date	Place of issue
HELEN Y. DEE	10714752	February 20, 2014	Manila
ROBERTO B. CRISOL	10860431	January 13, 2014	Makati City
JOHN E. HUANG	35449327	February 6, 2014	Manila
VICENTE B. VILLARAMA	07830040	January 28, 2014	Quezon City

Doc. No. 118
Page No. 33
Book No. 71
Series of 2014

ATTY. HOBERT N. LLUZ
NOTARY PUBLIC
Until December 31, 2015
Appt. No. M-44, Makati City
IBP #942830, Nov. 12, 2013-RSM
PTR #4225542, Jan. 02, 2014-Makati
S.C. Roll No. 59597
MCLE Compliance No. IV-0011330
Unit 6E Cityland Herrera Tower
#98 Rufino St. cor. Valero St.
Salcedo Village, Makati City

Punongbayan & Araullo

An instinct for growth™

Financial Statements and
Independent Auditors' Report

National Reinsurance Corporation of the Philippines

December 31, 2013, 2012 and 2011
(With Corresponding Figures as of January 1, 2012)

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors

19th and 20th Floors, Tower 1
The Enterprise Center
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1200 Makati City
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F +63 2 886 5506
www.punongbayan-araullo.com

The Board of Directors and the Stockholders
National Reinsurance Corporation of the Philippines
31st floor Ayala Life FGU Center
6811 Ayala Avenue, Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of National Reinsurance Corporation of the Philippines, which comprise the statements of financial position as at December 31, 2013 and 2012, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Reinsurance Corporation of the Philippines as at December 31, 2013 and 2012, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2013 required by the Bureau of Internal Revenue as disclosed in Note 28 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Romualdo V. Murcia III
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 4225011, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 20, 2014

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012
(With Corresponding Figures as of January 1, 2012)
(Amounts in Philippine Pesos)

	Notes	December 31, 2013	December 31, 2012 (As Restated – see Note 2)	January 1, 2012 (As Restated – see Note 2)
ASSETS				
CASH AND CASH EQUIVALENTS	5	P 605,045,799	P 1,226,499,273	P 1,699,806,389
REINSURANCE BALANCES RECEIVABLE - Net	6	6,548,123,440	7,068,319,259	3,892,173,173
AVAILABLE-FOR-SALE FINANCIAL ASSETS	7	6,391,696,049	5,690,040,419	5,365,644,659
LOANS AND RECEIVABLES	8	320,047,429	715,296,547	584,623,402
PROPERTY AND EQUIPMENT - Net	9	102,753,246	114,952,669	127,375,909
DEFERRED ACQUISITION COSTS	2	85,207,534	97,760,247	137,880,973
DEFERRED REINSURANCE PREMIUMS	10	218,898,489	400,632,000	564,483,447
OTHER ASSETS	11	329,960,974	301,719,133	266,094,166
TOTAL ASSETS		P 14,601,732,960	P 15,615,219,547	P 12,638,082,118
LIABILITIES AND EQUITY				
REINSURANCE BALANCES PAYABLE	6	P 8,210,083,119	P 8,665,239,181	P 5,427,830,997
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	12	137,729,054	237,451,508	180,276,582
RESERVE FOR UNEARNED REINSURANCE PREMIUMS	10	541,893,656	734,563,495	897,469,364
DEFERRED REINSURANCE COMMISSIONS	2	23,587,283	44,321,965	79,232,764
Total Liabilities		8,913,293,112	9,681,576,149	6,584,809,707
EQUITY	18	5,688,439,848	5,933,643,398	6,053,272,411
TOTAL LIABILITIES AND EQUITY		P 14,601,732,960	P 15,615,219,547	P 12,638,082,118

See Notes to Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF INCOME
DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated – see Note 2)	2011 (As Restated – see Note 2)
REINSURANCE PREMIUM INCOME				
Reinsurance premiums - net of returns	19	**P 2,561,126,445**	P 3,025,410,991	P 3,524,300,496
Retroceded premiums	19	**1,741,505,765**	2,246,692,148	2,397,850,047
Reinsurance premiums retained		**819,620,680**	778,718,843	1,126,450,449
Decrease (increase) in reserve for unearned reinsurance premiums	10	**10,936,328**	(945,578)	55,643,683
		830,557,008	777,773,265	1,182,094,132
UNDERWRITING DEDUCTIONS	14			
Share in claims and losses		**662,547,481**	843,897,848	943,404,577
Commissions - net		**289,904,723**	298,907,847	345,606,618
		952,452,204	1,142,805,695	1,289,011,195
NET UNDERWRITING LOSS		**(121,895,196)**	(365,032,430)	(106,917,063)
INVESTMENT AND OTHER INCOME - Net	13	**664,399,633**	702,151,965	768,158,953
PROFIT AFTER INVESTMENT AND OTHER INCOME		**542,504,437**	337,119,535	661,241,890
GENERAL AND ADMINISTRATIVE EXPENSES	15	**468,494,074**	236,752,181	243,197,154
PROFIT BEFORE TAX		**74,010,363**	100,367,354	418,044,736
TAX EXPENSE	17	**55,281,861**	66,272,420	72,133,582
NET PROFIT		**P 18,728,502**	P 34,094,934	P 345,911,154
Earnings Per Share	22	**P 0.01**	P 0.02	P 0.16

See Notes to Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated – see Note 2)	2011 (As Restated – see Note 2)
NET PROFIT		**P 18,728,502**	P 34,094,934	P 345,911,154
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit liability	16	**(10,394,122)**	(4,350,219)	12,564,025
Items that will be reclassified subsequently to profit or loss	7			
Fair valuation of available-for-sale (AFS) financial assets				
Fair value gains (loss) during the year		**(41,637,686)**	231,502,395	216,080,704
Fair value gains on disposal of AFS financial assets reclassified to profit or loss		**(169,428,132)**	(168,515,563)	(275,064,036)
		(211,065,818)	62,986,832	(58,983,332)
		(221,459,940)	58,636,613	(46,419,307)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 202,731,438)**	P 92,731,547	P 299,491,847

See Notes to Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CHANGES IN EQUITY
DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	Capital Stock		Additional	Treasury	Revaluation Reserves		Retained Earnings		
		No. of Shares	Amount	Paid-in Capital	Shares - At Cost	Available-for-sale Financial Assets	Remeasurements of Defined Benefit Liability	Appropriated	Unappropriated	Total Equity
Balance as of January 1, 2013										
As previously reported		2,181,954,600	P 2,181,954,600	P 3,019,218,458	(P 100,525,432)	P 399,020,095	P -	P 268,469,546	P 237,889,026	P 6,006,026,293
Prior period adjustments	2, 7	-	-	-	-	16,867,546	(91,308,350)	-	2,057,909	(72,382,895)
As restated		2,181,954,600	2,181,954,600	3,019,218,458	(100,525,432)	415,887,641	(91,308,350)	268,469,546	239,946,935	5,933,643,398
Cash dividends	18	-	-	-	-	-	-	-	(42,472,112)	(42,472,112)
Appropriated for contingencies	18	-	-	-	-	-	-	1,872,850	(1,872,850)	-
Total comprehensive income for the year	7, 16	-	-	-	-	(211,065,818)	(10,394,122)	-	18,728,502	(202,731,438)
Total equity as of December 31, 2013		**2,181,954,600**	**P 2,181,954,600**	**P 3,019,218,458**	**(P 100,525,432)**	**P 204,821,823**	**(P 101,702,472)**	**P 270,342,396**	**P 214,330,475**	**P 5,688,439,848**
Balance as of January 1, 2012										
As previously reported		2,181,954,600	P 2,181,954,600	P 3,019,218,458	(P 100,525,432)	P 334,665,263	P -	P 265,673,762	P 425,087,529	P 6,126,074,180
Prior period adjustments	2, 7	-	-	-	-	18,235,546	(86,958,131)	-	(4,079,184)	(72,801,769)
As restated		2,181,954,600	2,181,954,600	3,019,218,458	(100,525,432)	352,900,809	(86,958,131)	265,673,762	421,008,345	6,053,272,411
Cash dividends	18	-	-	-	-	-	-	-	(212,360,560)	(212,360,560)
Appropriated for contingencies	18	-	-	-	-	-	-	2,795,784	(2,795,784)	-
Total comprehensive income for the year	7, 16	-	-	-	-	62,986,832	(4,350,219)	-	34,094,934	92,731,547
Total equity as of December 31, 2012		2,181,954,600	P 2,181,954,600	P 3,019,218,458	(P 100,525,432)	P 415,887,641	(P 91,308,350)	P 268,469,546	P 239,946,935	P 5,933,643,398
Balance as of January 1, 2011										
As previously reported		2,181,954,600	P 2,181,954,600	P 3,019,218,458	(P 40,081,811)	P 393,670,095	P -	P 231,638,713	P 161,965,640	P 5,948,365,695
Prior period adjustments	2, 7	-	-	-	-	18,214,046	(99,522,156)	-	(9,639,848)	(90,947,958)
As restated		2,181,954,600	2,181,954,600	3,019,218,458	(40,081,811)	411,884,141	(99,522,156)	231,638,713	152,325,792	5,857,417,737
Acquisition of shares during the year	18	-	-	-	(60,443,621)	-	-	-	-	(60,443,621)
Cash dividends	18	-	-	-	-	-	-	-	(43,193,552)	(43,193,552)
Appropriated for contingencies	18	-	-	-	-	-	-	34,035,049	(34,035,049)	-
Total comprehensive income (loss) for the year	7, 16	-	-	-	-	(58,983,332)	12,564,025	-	345,911,154	299,491,847
Total equity as of December 31, 2011		2,181,954,600	P 2,181,954,600	P 3,019,218,458	(P 100,525,432)	P 352,900,809	(P 86,958,131)	P 265,673,762	P 421,008,345	P 6,053,272,411

See Notes to Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

	Notes	2013	2012 (As Restated – see Note 2)	2011 (As Restated – see Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 74,010,363	P 100,367,354	P 418,044,736
Adjustments for:				
Gain on sale of available-for-sale financial assets	13	(327,352,764)	(298,137,689)	(354,002,693)
Interest income	13	(298,209,165)	(356,372,204)	(371,450,866)
Impairment losses	6, 15	236,932,939	20,000,000	32,500,000
Depreciation and amortization	9, 11, 15	34,481,368	34,413,916	28,843,853
Dividend income	13	(34,303,900)	(30,947,188)	(37,970,582)
Increase (decrease) in reserve for unearned reinsurance premiums	10	(10,936,328)	945,578	(55,643,683)
Unrealized foreign exchange loss (gain)		2,622,301	(11,303,838)	(2,578,773)
Gain on sale of property and equipment	13	-	(26,786)	(6,786)
Operating loss before working capital changes		(322,755,186)	(541,060,857)	(342,264,794)
Decrease (increase) in reinsurance balances receivable		365,985,399	(3,230,841,824)	287,193,890
Decrease (increase) in loans and receivables		384,928,134	(134,073,052)	30,611,921
Decrease (increase) in deferred acquisition costs		(8,181,969)	5,209,927	9,285,340
Increase in other assets		(47,431,520)	(37,751,432)	(31,140,922)
Increase (decrease) in reinsurance balances payable		(557,688,544)	3,290,673,039	(39,002,115)
Increase (decrease) in accounts payable and accrued expenses		(110,116,576)	52,824,707	(6,850,365)
Cash used in operations		(295,260,262)	(595,019,492)	(92,167,045)
Cash paid for income taxes		(55,281,861)	(66,272,420)	(72,022,408)
Net Cash Used in Operating Activities		(350,542,123)	(661,291,912)	(164,189,453)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal/maturities of:				
Available-for-sale financial assets	7	3,905,563,050	7,291,351,598	8,170,190,586
Property and equipment	9	1,607,354	26,786	279,369
Interest received		307,987,449	361,212,469	388,169,115
Dividends received	13	34,303,900	30,947,188	37,970,582
Acquisitions of:				
Available-for-sale financial assets	7	(4,477,286,405)	(7,260,278,243)	(7,213,870,663)
Property and equipment	9	(2,298,273)	(5,852,051)	(29,563,988)
Intangible assets	11	(2,401,348)	(14,012,160)	(3,030,370)
Net Cash From (Used in) Investing Activities		(232,524,273)	403,395,587	1,350,144,631
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of dividends	18	(42,472,112)	(212,360,560)	(43,193,552)
Acquisition of treasury shares	18	-	-	(60,443,621)
Net Cash Used in Financing Activities		(42,472,112)	(212,360,560)	(103,637,173)
EFFECTS OF FOREIGN CURRENCY REVALUATION ON CASH AND CASH EQUIVALENTS		4,085,034	(3,050,231)	4,201,330
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(621,453,474)	(473,307,116)	1,086,519,335
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,226,499,273	1,699,806,389	613,287,054
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 605,045,799	P 1,226,499,273	P 1,699,806,389

See Notes to Financial Statements.

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013, 2012 AND 2011
(Amounts in Philippine Pesos)

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 (ARC), 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 and principal place of business is located at 31st floor Ayala Life FGU Center, 6811 Ayala Avenue, Makati City. The change in the Company's registered office which was formerly at 18th floor Philippine AXA Life Center, Sen. Gil J. Puyat Avenue corner Tindalo Street, Makati City, was approved by the Company's Board of Directors (Board) on December 19, 2013 and was reported to the Securities and Exchange Commission (SEC) on the same date. Subsequently, the change in address was also reported to the Bureau of Internal Revenue (BIR) on January 20, 2014.

The financial statements of the Company for the year ended December 31, 2013 (including the comparative financial statements for December 31, 2012 and the corresponding figures as of January 1, 2012) were authorized for issue by the Company's BOD on March 20, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 from the pronouncements issued by the International Accounting Standards Board (IASB).

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.

The Company's adoption of PAS 19 (Revised), *Employee Benefits*, resulted in material retrospective restatements on certain accounts in the comparative financial statements for December 31, 2012 and in the corresponding figures as of January 1, 2012 [see Note 2.2(a)(ii)]. Accordingly, the Company presents a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosures required under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

(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 2013 that are Relevant to the Company

In 2013, the Company adopted the following new PFRS, revision, amendments and annual improvements thereto that are relevant to the Company and effective for financial statements for the annual period beginning on or after July 1, 2012 or January 1, 2013:

PAS 1 (Amendment)	:	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
PAS 19 (Revised)	:	Employee Benefits
PFRS 7 (Amendment)	:	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
PFRS 13	:	Fair Value Measurement
Annual Improvements to PFRS 2009-2011 Cycle		
PAS 1 (Amendment)	:	Presentation of Financial Statements – Clarification of the Requirements for Comparative Information
PAS 32 (Amendment)	:	Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments

Discussed below and in the succeeding pages are relevant information about these new, revised and amended standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (*effective from July 1, 2012). The amendment requires an entity to group items presented in other comprehensive income into those that, in accordance with other PFRS: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. The Company applied the amendment retrospectively, hence, the presentation of other comprehensive income has been modified to reflect the changes.

(ii) PAS 19 (Revised), *Employee Benefits* (effective from January 1, 2013). This revised standard made a number of changes to the accounting for employee benefits. The most significant changes relate to defined benefit plans as follows:

- eliminates the corridor approach and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;

- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined liability or asset; and,

- enhances disclosure requirements, including information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

The Company has applied PAS 19 (Revised) retrospectively in accordance with its transitional provisions. Consequently, it restated the comparative financial statements for December 31, 2012 and the corresponding figures as of January 1, 2012. The effect of the restatement on the affected liability, and equity components is shown below along with a certain prior period adjustment relating to available-for-sale (AFS) financial assets (see Note 7).

	December 31, 2012		
	As Previously Reported	Prior Period Adjustments	As Restated
Change in liability:			
Accounts payable and accrued expenses (defined benefit liability)	(P 165,068,613)	(P 72,382,895)	(P 237,451,508)
Net decrease in equity		(P 72,382,895)	
Changes in components of equity:			
Revaluation reserves – Remeasurements of defined benefit liability	P -	(P 91,308,350)	(P 91,308,350)
AFS financial assets	399,020,095	16,867,546	415,887,641
Unappropriated retained earnings	237,889,026	2,057,909	239,946,935
Net decrease in equity		(P 72,382,895)	

	January 1, 2012		
	As Previously Reported	Prior Period Adjustments	As Restated
Change in liability:			
Accounts payable and accrued expenses (defined benefit liability)	(P 107,474,813)	(P 72,801,769)	(P 180,276,582)
Net decrease in equity		(P 72,801,769)	
Changes in components of equity:			
Revaluation reserves –			
Remeasurements of defined benefit liability	P -	(P 86,958,131)	(P 86,958,131)
AFS financial assets	334,665,263	18,235,546	352,900,809
Unappropriated retained earnings	425,087,529	(4,079,184)	421,008,345
Net decrease in equity		(P 72,801,769)	

The effects of the adoption of PAS 19 (Revised) on the statements of income and statement of comprehensive income for the year ended December 31, 2012 and 2011 are shown below.

	December 31, 2012		
	As Previously Reported	Prior Period Adjustments	As Restated – (see Notes 7, 13, 15 and16)
Changes in income:			
Investment and other income – Foreign currency gains	P 19,747,982	P 1,368,000	P 21,115,982
General and administrative expense:			
Salaries and employee benefits	(129,012,395)	9,407,744	(119,604,651)
Finance costs	-	(4,638,651)	(4,638,651)
Net increase in net profit		P 6,137,093	
Changes in other comprehensive income:			
Remeasurements of defined benefit liability	P -	(P 4,350,219)	(P 4,350,219)
Fair valuation of AFS financial assets	64,354,832	(1,368,000)	62,986,832
Net increase in other comprehensive income		(P 5,718,219)	

	December 31, 2011		
	As Previously Reported	Prior Period Adjustments	As Restated – (see Notes 7, 13, 15 and16)
Changes in income:			
Investment and other income – Foreign currency gains	P 7,754,821	(P 21,500)	P 7,733,321
General and administrative expense:			
Salaries and employee benefits	(127,785,291)	11,314,320	(116,470,971)
Finance costs	-	(5,732,156)	(5,732,156)
Net increase in net profit		P 5,560,664	
Changes in other comprehensive income:			
Remeasurements of defined benefit liability	P -	P 12,564,025	P 12,564,025
Fair valuation of AFS financial assets	(59,004,832)	21,500	(58,983,332)
Net increase in other comprehensive income		P 12,585,525	

The adoption of PAS 19 (Revised) did not have a material impact on Company's statements of cash flows for the year ended December 31, 2012 and 2011.

(iii) PFRS 7 (Amendment), *Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities* (effective from January 1, 2013). The amendment requires qualitative and quantitative disclosures relating to gross and net amounts of recognized financial instruments that are set-off in accordance with PAS 32, *Financial Instruments: Presentation*. The amendment also requires disclosure of information about recognized financial instruments which are subject to enforceable master netting arrangements or similar agreements, even if they are not set-off in the statement of financial position, including those which do not meet some or all of the offsetting criteria under PAS 32 and amounts related to a financial collateral. These disclosures allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with recognized financial assets and financial liabilities on the entity's statement of financial position. The details and outstanding balances of financial assets and financial liabilities that are subject to enforceable master netting agreements and similar arrangements are disclosed in Note 24.2.

(iv) PFRS 13, *Fair Value Measurement* (effective from January 1, 2013). This new standard clarifies the definition of fair value and provides guidance and enhanced disclosures about fair value measurements. The requirements under this standard do not extend the use of fair value accounting but provide guidance on how it should be applied to both financial instrument items and non-financial items for which other PFRS require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances. This new standard applies prospectively from annual period beginning January 1, 2013, hence, disclosure requirements need not be presented in the comparative information in the first year of application.

Other than the additional disclosures presented in Notes 24 and 25, the application of this new standard had no significant impact on the amounts recognized in the financial statements.

(v) 2009 – 2011 Annual Improvements to PFRS. Annual improvement to PFRS (2009-2011 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following are relevant to the Company but has no material impact on the Company's financial statements.

(a) PAS 1 (Amendment), *Presentation of Financial Statements – Clarification of the Requirements for Comparative Information.* The amendment clarifies that a statement of financial position as at the beginning of the preceding period (third statement of financial position) is required when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the third statement of financial position. The amendment specifies that other than disclosure of certain specified information in accordance with PAS 8, related notes to the third statement of financial position are not required to be presented.

Consequent to the Company's adoption of PAS 19 (Revised) in the current year and certain other restatement which resulted in retrospective restatement of the prior years' financial statements, the Company has presented a third statement of financial position as of January 1, 2012 without the related notes, except for the disclosure requirements of PAS 8.

(b) PAS 32 (Amendment), *Financial Instruments – Presentation – Tax Effect of Distributions to Holders of Equity Instruments.* The amendment clarifies that the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with PAS 12, *Income Taxes*. Accordingly, income tax relating to distributions to holders of an equity instrument is recognized in profit or loss while income tax related to the transaction costs of an equity transaction is recognized in equity. This amendment had no effect on the Company's financial statements as it has been recognizing the effect of distributions to holders of equity instruments and transaction costs of an equity transaction in accordance with PAS 12.

(b) Effective in 2013 that are not Relevant to the Company

The following revisions, amendments, annual improvements, and interpretation to PFRS are mandatory for accounting periods beginning on or after January 1, 2013 but are not relevant to the Company's financial statements:

PFRS 1 (Amendment)	:	First-time Adoption of PFRS – Repeated Application of PFRS 1 and Borrowing Cost
PFRS 10	:	Consolidated Financial Statements
PFRS 11	:	Joint Arrangements
PFRS 12	:	Disclosure of Interest in Other Entities
PAS 27 (Revised)	:	Separate Financial Statements
PAS 28 (Revised)	:	Investments in Associate and Joint Venture
PFRS 10, 11 and 12 (Amendments)	:	Amendments to PFRS 10, 11 and 12 – Transition Guidance to PFRS 10, 11 and 12
Annual Improvements to PFRS 2009-2011 Cycle		
PAS 16 (Amendment)	:	Property, Plant and Equipment – Classification of Servicing Equipment.
PAS 34 (Amendment)	:	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities
PPRS 1 (Amendment)	:	First-time Adoption of PFRS – Government Loans
Philippine Interpretation International Financial Reporting Interpretations Committee 20	:	Stripping Costs in the Production Phase of a Surface Mine

(c) Effective Subsequent to 2013 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards that are effective for periods subsequent to 2013. Management has initially determined the following pronouncements, which the Company will apply in accordance with their transitional provisions, to be relevant to its financial statements:

(i) PAS 19 (Amendment), *Employee Benefits – Defined Benefit Plans – Employee Contributions* (effective from January 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. Management has initially determined that this amendment will have no material impact on the Company's financial statements.

(ii) PAS 32 (Amendment), *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* (effective from January 1, 2014). The amendment provides guidance to address inconsistencies in applying the criteria for offsetting financial assets and financial liabilities. It clarifies that a right of set-off is required to 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 the principle behind net settlement and includes an example of a gross settlement system with characteristics that would satisfy the criterion for net settlement. The Company does not expect this amendment to have a significant impact on its financial statements.

(iii) PAS 36 (Amendment), *Impairment of Assets – Recoverable Amount Disclosures for Non-financial Assets* (effective from January 1, 2014). The amendment clarifies that the requirements for the disclosure of information about the recoverable amount of assets or cash-generating units is limited only to the recoverable amount of impaired assets that is based on fair value less cost of disposal. It also introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less cost of disposal is determined using a present value technique. Management will reflect in its subsequent years' financial statements the changes arising from this relief on disclosure requirements, if the resulting impact of this amendment will be applicable.

(iv) PAS 39 (Amendment), *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting* (effective January 1, 2014). 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 it applies hedge accounting, the amendment will not have impact on the financial statements.

(v) PFRS 9, *Financial Instruments: Classification and Measurement*. This is the first part of a new standard on financial instruments that will replace PAS 39, *Financial Instruments: Recognition and Measurement*, in its entirety. The first phase of the standard was issued in November 2009 and October 2010 and contains new requirements and guidance for the classification, measurement, and recognition of financial assets and financial liabilities. It requires financial assets to be classified into two measurement categories: amortized cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows that represent solely payments of principal and interest on the principal outstanding are generally measured at amortized cost. All other debt instruments and equity instruments are measured at fair value. In addition, PFRS 9 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 arrangement, 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 main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the liability's credit risk is recognized in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

In November 2013, the IASB has published amendments to International Financial Reporting Standard (IFRS) 9 that contain new chapter and 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. The amendment also now 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 in profit or loss. It also includes the removal of the January 1, 2015 mandatory effective date of IFRS 9.

To date, the remaining chapter of IFRS 9 and PFRS 9 dealing with impairment methodology is still being completed. Further, the IASB is currently discussing some limited modifications to address certain application issues regarding classification of financial assets and to provide other considerations in determining business model.

The Company does not expect to implement and adopt PFRS 9 until its effective date. In addition, management is currently assessing the impact of PFRS 9 on the financial statements of the Company and evaluating the need to conduct a comprehensive study of the potential impact and changes that may result from the adoption of PFRS 9 when it becomes effective.

(vi) PFRS 10, 12 and PAS 27 (Amendments) - *Investment Entities* (effective from January 1, 2014). The amendments define the term "investment entities," provide supporting guidance, and require investment entities to measure investments in the form of controlling interest in another entity, at fair value through profit or loss.

Management does not anticipate these amendments to have a material impact on the Company's financial statements.

(vii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS, which are effective for annual period beginning on or after July 1, 2014. Among those improvements, the following amendments are relevant to the Company but management does not expect a 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 entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also requires and clarifies that the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity should be disclosed in the financial statements and not the amounts of compensation paid or payable by the key management entity to its employees or directors.

(c) PFRS 13 (Amendment), *Fair Value Measurement*. The amendment, through a revision only 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 definitions 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, *Business Combinations*, 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, or a business combination in reference to PFRS 3.

2.3 Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and AFS financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and transaction costs related to it are recognized in profit or loss.

The categories of financial assets that are currently relevant to the Company are fully described below.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Company provides money or services directly to a debtor with no intention of trading the receivables.

The Company's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Reinsurance Balances Receivable, and Loans and Receivables in the statement of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any. Impairment loss is provided when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

(b) AFS Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's AFS financial assets include listed equity securities, government and corporate bonds, and golf club shares.

All financial assets within this category are subsequently measured at fair value. Gains and losses from changes in fair value are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity. When the financial asset is disposed of or is determined to be impaired, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income.

Reversal of impairment losses is recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

All income and expenses relating to financial assets that are recognized in profit or loss are presented as part of Investment and Other Income in the statement of income, except for impairment losses which are presented as part of General and Administrative Expenses.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

The financial assets are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party.

2.4 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Condominium units	40 years
Office improvements	10 years
Office furniture and equipment	5 years
Transportation equipment	5 years
Electronic data processing (EDP) equipment	5 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the year the item is derecognized.

2.5 Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized in the financial statements when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably.

2.6 Investment Property

Investment property (included as part of Other Assets) is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Except for land, investment properties are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The cost of the investment property comprises its purchase price and directly attributable costs incurred such as legal fees, transfer taxes and other transaction costs.

Depreciation is computed using the straight-line basis over the estimated useful life of the properties which is ten years.

The carrying amount of investment property is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of income in the year of retirement or disposal.

2.7 Intangible Assets

Intangible assets (presented as part of Other Assets account) include acquired software licenses which are accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of the other considerations given up to acquire an asset at the time of its acquisition. Capitalized costs are amortized on a straight-line basis over five years as the lives of these intangible assets are considered finite. In addition, intangible assets are subject to impairment testing as described in Note 2.17.

Acquired computer software licenses are capitalized on the cost incurred to acquire and install the specific software. Costs associated with maintaining computer software and those costs associated with research activities are recognized as expense in profit or loss as incurred.

2.8 Financial Liabilities

Financial liabilities, which include Reinsurance Balances Payable and Accounts Payable and Accrued Expenses [excluding deferred output value-added tax (VAT), defined benefit liability and other taxes payable], are recognized when the Company becomes a party to the contractual terms of the agreement. All interest-related charges are recognized as an expense in the statement of income.

Reinsurance Balances Payable and Accounts Payable and Accrued Expenses are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Offsetting Financial Instruments

Financial assets and liabilities are offset and the resulting net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.10 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using pretax rate that reflects market assessments and the risks specific to the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.11 Revenue and Expense Recognition

Revenue is recognized to the extent that the revenue can be reliably measured; it is probable that the economic benefits will flow to the Company; and, the costs incurred or to be incurred can be measured reliably. In addition, the following specific recognition criteria must also be met before revenue is recognized:

(a) *Reinsurance premiums* – Premiums from short duration insurance contracts are recognized over the period of the contracts using the "24th method", except for revenues from marine cargo risks wherein the premiums written during the first ten months of the current year and the last two months of the preceding year are recognized as revenue in the current year. The "24th method" assumes that the average date of issue of all policies written during any one month is the middle of that month. Accordingly, 1/24th of the net premiums are considered earned in the month the reinsurance contracts are issued and 2/24th for every month thereafter (or 1/24th for every 15-day period after the issue month). The portion of the gross reinsurance premiums that relate to the unexpired periods of the policies at the end of the reporting period are accounted for as Reserve for Unearned Reinsurance Premiums and is presented in the liability section of the statement of financial position while the portion of the retroceded reinsurance premiums that relate to the unexpired periods of the policies at the end of the reporting period are accounted for as Deferred Reinsurance Premiums and is presented in the asset section of the statement of financial position. The net changes in the account Reserve for Unearned Reinsurance Premiums and Deferred Reinsurance Premiums between the end of the reporting periods are recognized in the statement of income.

(b) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(c) *Dividend income* – Revenue is recognized when the Company's right to receive the payment is established.

(d) *Gain on sale of assets* – Revenue is recognized when the risks and rewards of ownership of the investments have passed to the buyer.

Costs and expenses are recognized in profit or loss upon utilization of goods or services or at the date they are incurred.

2.12 Claim Costs Recognition

Share in claims and losses relating to insurance contracts are accrued when insured events occur. The share in claims (including those for incurred but not reported) are based on the estimated ultimate cost of settling the claims. The method of determining such estimates and establishing reserves are continually reviewed and updated. Changes in estimates of claim costs resulting from the continuous review process and differences between estimates and payments for claims are recognized as income or expense in the period in which the estimates are changed or payments are made.

Share in recoveries on claims are evaluated in terms of the estimated realizable values of the salvage recoverables. Recoveries on settled claims are recognized in statement of income in the period the recoveries are made while estimated recoveries are presented as part of Reinsurance Balances Receivable in the statement of financial position.

2.13 Acquisition Costs

Costs that vary with and are primarily related to the acquisition of new and renewal reinsurance contracts such as commissions, certain underwriting costs and inspection fees, are deferred and charged to expense in proportion to reinsurance premium revenue recognized. Unamortized acquisition costs are shown in the statement of financial position as Deferred Acquisition Costs.

2.14 Commissions on Retrocessions

Commissions on retrocessions are deferred and are subjected to the same amortization method as the related acquisition costs. Deferred portion are presented in the statement of financial position as Deferred Reinsurance Commissions.

2.15 Leases – Company as Lessee

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the statement of income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Company are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income as part of profit or loss from operations.

2.17 Impairment of Non-financial Assets

The Company's property and equipment, investment property and intangible assets are subject to impairment testing. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, as well as a defined contribution plan.

(a) Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate derived from the interest rates of a zero coupon government bond as published by Philippine Dealing and Exchange Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance costs account under General and Administrative Expenses in the statement of income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment.

(b) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in the Accounts Payable and Accrued Expenses account in the statements of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.19 Income Taxes

Tax expense recognized in the statement of income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated using the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.20 Related Party Relationships and Transactions

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

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close member of the family of any such individual; and, (d) the Company's retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.21 Equity

Capital stock represents the nominal value of shares that have been issued or reissued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury shares are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves comprise gains and losses due to the revaluation of AFS financial assets, and remeasurements of defined benefit liability.

Retained earnings represent all current and prior period results of operations as reported in the statement of profit or loss, reduced by the amounts of dividends declared.

2.22 Earnings Per Share

Basic earnings per share is determined by dividing net profit by the weighted average number of shares issued, adjusted for stock dividends and stock split, less shares held in treasury during the period.

Diluted earnings per share is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares.

2.23 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Based on the recent evaluation of information and circumstance affecting the Company's AFS financial assets, management concluded that AFS financial assets are not impaired as of December 31, 2013 and 2012. Future changes in those information and circumstance might significantly affect the carrying amount of the assets.

(b) Distinguishing Investment Properties and Owner-managed Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the operations.

Some properties comprise a portion that is held to earn rental and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making its judgment.

(c) Distinguishing Operating and Finance Leases

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

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and contingencies are discussed in Note 2.10 and relevant disclosures are presented in Note 23.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Impairment of Reinsurance Balances Receivable and Loans and Receivables

Adequate amount of allowance for impairment is made for specific and groups of accounts, where objective evidence of impairment exists. The Company evaluates the amount of allowance for impairment based on available facts and circumstances, including, but not limited to, the length of the Company's relationship with the customers, the customers' current credit status based on known market forces, average age of accounts, collection experience and historical loss experience.

The carrying value of reinsurance balances receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6. The carrying value of loans and receivables is shown in Note 8.

(b) *Fair Value Measurement of Financial Assets Other than Loans and Receivables*

The Company carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit or loss and other comprehensive income.

The carrying values of the Company's AFS financial assets and the amounts of fair value changes recognized are disclosed in Note 7.

(c) *Estimating Useful Lives of Property and Equipment, Investment Property and Intangible Assets*

The Company estimates the useful lives of property and equipment, investment property and intangible assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment, investment property and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

The carrying amounts of property and equipment are analyzed in Note 9, and of investment property and intangible assets in Note 11. Based on management's assessment as at December 31, 2013 and 2012 there is no change in the estimated useful lives of those assets during these years. Actual results, however, may vary due to changes in estimates brought about by the changes in factors mentioned above.

(d) *Impairment of Non-financial Assets*

The Company's policy on estimating the impairment of non-financial assets is discussed in Note 2.17. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on non-financial assets in 2013 and 2012.

(e) *Determining Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. As of December 31, 2013 and 2012, no deferred tax assets were recognized by the Company since management believes that they will not be able to utilize the amount prior to its expiration (see Note 17).

(f) Valuation of Post-employment Defined Benefit

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates, salary rate increase and employee turnover rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit obligation, as well as the significant assumptions used in estimating such obligation, are presented in Note 16.2.

4. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's main risk mitigation strategies generally include adoption of underwriting and investment policies and guidelines, annual budget provision and internal audit checks and assessments.

The Company's risk management, in close cooperation with the respective duly constituted Board Committees on Underwriting, Investment and Budget, Risk Management and Audit, focuses on implementing risk control measures addressing underwriting acceptances, claims control, securing short to medium–term cash flows by minimizing exposure to financial markets while managing long-term financial investments to generate lasting returns.

The most significant financial risks to which the Company may be exposed to are described below.

4.1 Reinsurance Risk

As a professional reinsurer, the Company underwrites reinsurance business from life and non-life insurance companies and brokers, with the objective of realizing profits and being a dependable partner to its clients. To attain this objective, it is essential for the Company to have a balanced portfolio, wherein there is diversification of risks. For non-life business, each risk that is accepted or treaty arrangement entered into is carefully evaluated based on the Company's underwriting guidelines, such as maximum limits per type of risk, existing exposures, premium adequacy, financial condition of the client and the like.

The Company's retention on the larger risks that the Company accepts, or possible accumulation of the same in a given area, including losses that could arise from catastrophes such as earthquakes and typhoons, is protected by an excess of loss coverage to limit the Company's exposure up to a specified amount. Significant risk concentrations may result in potential losses not only in certain areas but also within a particular type of business such as property, motor car and casualty. The Company therefore always monitors and controls its exposures in various lines.

The Company's reinsurance and retroceded premiums per line of risk for the years ended are shown below.

	Reinsurance Premiums	Retroceded Premiums	Retention
December 31, 2013			
Fire	P 1,353,766,718	P 1,203,345,007	P 150,421,711
Casualty	619,889,521	277,372,841	342,516,680
Life	462,050,128	208,931,266	253,118,862
Marine and aviation	125,420,078	51,856,651	73,563,427
	P 2,561,126,445	**P 1,741,505,765**	**P 819,620,680**
December 31, 2012			
Fire	P 770,670,521	P 653,305,344	P 117,365,177
Casualty	1,609,744,510	1,323,412,512	286,331,998
Life	512,623,373	201,575,653	311,047,720
Marine and aviation	132,372,587	68,398,639	63,973,948
	P 3,025,410,991	P 2,246,692,148	P 778,718,843
December 31, 2011			
Fire	P 907,568,017	P 615,649,126	P 291,918,891
Casualty	1,883,019,992	1,462,942,310	420,077,682
Life	471,265,379	200,522,435	270,742,944
Marine and aviation	262,447,108	118,736,176	143,710,932
	P 3,524,300,496	P 2,397,850,047	P 1,126,450,449

Retrocession or reinsuring what the Company had earlier accepted as reinsurance is resorted to enable the Company to write risk whose amounts are in excess of its retention, and to reduce the volatility of its results and protect its capital. In doing so, the Company also sets minimum requirements and standards in determining with whom it wishes to reinsure with, foremost of which is the rating of the particular security by international rating agencies such as Standard and Poor's and A.M. Best.

On the other hand, life business, which constitutes about 18% of gross premium written, follows a schedule of retention per life or group life as determined by the actuarial department. Any amount in excess of this is retroceded or reinsured with reputable foreign reinsurers whose ratings from the same rating agencies are above par and meet the Company's standards.

The Company has implemented an Enterprise Risk Management Process, which is an organization-wide approach to the identification, assessment, communication and management of enterprise risks which are, defined as issues which may prevent the Company from achieving its strategic objectives. This process has been fully integrated into the Company's operations and is overseen by a Risk Management Council, comprised of members of senior management. At the same time, a Risk Management Committee has been established by the Company's BOD to assist the Board in the development and oversight of the Company's risk management program. The Risk Management Council is required to provide the Board with a comprehensive enterprise risk assessment at least annually and to establish plans to ensure that risks are being managed and monitored effectively. The Risk Management Committee's main task is to oversee that risk management is an integral part of the planning and operations of the Company in order to meet corporate goals and objectives.

Also, the Company continues to practice prudent underwriting with the objective of attaining underwriting profits. In evaluating a claim, the Company follows set guidelines such as setting up of reserves upon its receipt of a preliminary loss advice, and requiring the cedant-claimant to submit other necessary documents such as the adjuster's report, affidavits and proof of loss, among others.

The Company's outstanding claims and the retrocessionaires' share in such claims per line of risk are shown below (see Note 6).

	Outstanding Claims	Retrocessionaires' Share in Claims	Net
December 31, 2013			
Fire	P 3,951,800,331	P 2,995,525,267	P 956,275,064
Casualty	2,029,021,706	1,566,612,430	462,409,276
Marine and aviation	1,234,733,390	484,700,841	750,032,549
Life	55,715,095	13,455,575	42,259,520
	P 7,271,270,522	**P 5,060,294,113**	**P 2,210,976,409**
December 31, 2012			
Fire	P 2,840,667,108	P 2,027,879,573	P 812,787,535
Casualty	3,669,601,724	3,176,214,779	493,386,945
Marine and aviation	1,171,337,649	426,738,346	744,599,303
Life	40,340,907	5,501,023	34,839,884
	P 7,721,947,388	P 5,636,333,721	P 2,085,613,667
December 31, 2011			
Fire	P 1,737,565,947	P 1,075,632,493	P 661,933,454
Casualty	1,641,994,279	1,114,086,599	527,907,680
Marine and aviation	1,230,741,339	375,394,441	855,346,898
Life	51,125,515	24,472,792	26,652,723
	P 4,661,427,080	P 2,589,586,325	P 2,071,840,755

The Company ensures that all valid claims are settled promptly and judiciously, as part of its commitment to its clients.

Most of the risks reinsured by the Company are situated in the domestic market with only a small portion coming from overseas market.

4.2 Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position (or in the detailed analysis provided in the notes to the financial statements) as summarized below:

	Notes	**2013**	2012
Cash and cash equivalents	5	**P 605,028,681**	P 1,226,464,218
Reinsurance balances			
Receivable – net	6	**6,548,123,440**	7,068,319,259
AFS financial assets	7	**5,068,571,037**	4,731,540,976
Loans and receivables	8	**320,047,429**	715,296,547
		P 12,541,770,587	P13,741,621,000

The Company continuously monitors defaults of ceding companies and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on ceding companies and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

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

As part of Company's policy, bank deposits are only maintained with reputable financial institution having high quality external credit ratings. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum coverage of P0.5 million per depositor per banking institution, as provided for under Republic Act (RA) No. 9576, *Amendment to Charter of PDIC*, are still subjected to credit risk. However, the credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. For the determination of credit risk, cash and cash equivalents do not include cash on hand amounting to P17,118 and P35,055 as of December 31, 2013 and 2012, respectively.

Some of the unimpaired reinsurance balance receivables are past due as at the end of the reporting period. No other financial assets are past due at the end of the reporting period. The reinsurance balance receivables that are past due but not impaired are as follows:

	2013	2012
More than six months but not more than one year	**P 40,084,448**	P 26,783,201
More than one year	**247,618,046**	384,378,611
	P 287,702,494	P 411,161,812

None of the Company's financial assets are secured by collateral or other credit enhancements.

4.3 Liquidity Risk

The Company manages its cash and investment position to meet its obligations arising from reinsurance agreements and other financial liabilities. Currently, the Company's excess cash is invested in AFS financial assets.

As of December 31, 2013, the Company's obligations arising from reinsurance agreements and other financial liabilities have contractual maturities which are presented below.

	Current	Non-current
Reinsurance balances payable	P 6,732,268,158	P 1,477,814,961
Accounts payable and accrued expenses	36,395,466	-
	P 6,768,663,624	**P 1,477,814,961**

This compares to the maturity of the Company's financial liabilities as of December 31, 2012 as follows:

	Current	Non-current
Reinsurance balances payable	P 7,105,496,128	P 1,559,743,053
Accounts payable and accrued expenses	101,372,359	-
	P 7,206,868,487	**P 1,559,743,053**

4.4 Market Risk

The market risks to which the Company may be exposed are as follows:

(a) Foreign Currency Risk

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates arise from the foreign currency-denominated investments, receivables and payables. The Company recognized net foreign currency gains of P10,095,088 in 2013, P21,115,982 in 2012 and P7,733,321 in 2011 (see Note 13).

Exposures to currency exchange rates arise from the Company's foreign currency reinsurance transactions, which are primarily denominated in United States (U.S.) dollars, Indonesian rupiah, Thailand baht, Malaysian ringgit, Euro, Singaporean dollars, Indian rupee, Japanese yen, South Korean won, Pakistan rupee, Hongkong dollars, Australian dollar, Nepalese rupee and Bangladesh taka. The Company also holds U.S. dollar-denominated cash and cash equivalents and investment in equity securities.

To mitigate the Company's exposure to foreign currency risk, foreign-currency denominated cash flows are monitored.

Foreign-currency denominated financial assets and liabilities, translated into Philippine pesos at the closing rate are as follows:

	2013		2012	
	U.S. Dollars	**Other Currencies**	U.S. Dollars	Other Currencies
Financial assets	**P 1,970,727,399**	**P 277,989,491**	P 614,982,215	P 244,399,816
Financial liabilities	**(2,071,042,064)**	**(437,145,186)**	(1,526,752,756)	(473,706,292)
Total net exposure	**(P 100,314,665)**	**(P 159,155,695)**	(P 911,770,541)	(P 229,306,476)

The following table illustrates the sensitivity of the Company's profit before tax with respect to changes on Philippine peso (Php) against foreign currencies exchange rates. The percentage changes in rates have been determined based on the average market volatility rates, using standard deviation, in the previous 12 months at a 99% confidence level. If the Philippine peso had strengthened against the foreign currencies, the effect would be as follows:

	2013			2012		
	Reasonably Possible Change in Rate	**Effect in Profit Before Tax**	**Effect in Equity**	Reasonably Possible Change in Rate	Effect in Loss Before Tax	Effect in Equity
Php - U.S. Dollars	**23.61%**	**P 23,685,274**	**P 23,685,274**	13.83%	P 126,052,960	P 126,052,960
Php - Indonesian Rupiah	**40.76%**	**18,151,948**	**18,151,948**	35.75%	(21,865,539)	(21,865,539)
Php - Singaporean Dollars	**17.96%**	**9,786,111**	**9,786,111**	7.07%	3,451,566	3,451,566
Php - Hongkong Dollars	**23.73%**	**4,241,188**	**4,241,188**	13.32%	34,326	34,326
Php - Euro	**33.14%**	**1,529,812**	**1,529,812**	23.67%	(649,930)	(649,930)
Php - Thailand Baht	**9.70%**	**1,147,679**	**1,147,679**	17.03%	41,534,117	41,534,117
Php - South Korean Won	**22.09%**	**(249,461)**	**(249,461)**	16.71%	(1,799,598)	(1,799,598)
Php - Malaysian Ringgit	**10.93%**	**(104,966)**	**(104,966)**	15.91%	(2,073,536)	(2,073,536)
Php - Indian Rupee	**26.54%**	**(89,536)**	**(89,536)**	35.75%	(955,194)	(955,194)
Php - Nepalese Rupee	**25.31%**	**(9,793)**	**(9,793)**	0.00%	-	-
Php - Bangladesh Taka	**29.00%**	**(883)**	**(883)**	0.00%	-	-
Php - Australian Dollar	**20.94%**	**(50)**	**(50)**	17.21%	(44)	(44)
Php - Pakistan Rupee	**17.72 %**	**-**	**-**	42.41%	(425,882)	(425,882)
Php - Japanese Yen	**22.23%**	**-**	**-**	26.38%	(299)	(299)
Total		**P 58,087,323**	**P 58,087,323**		P 143,302,947	P 143,302,947

If the Philippine peso had weakened against the foreign currencies, the effect would be the reverse of the above.

Exposures to foreign currency rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be a representative of the Company's currency risk.

(b) Market Price Risk

The Company's investments are regulated under the pertinent provisions of the New Insurance Code, otherwise known as R.A. 10607. The Insurance Code generally requires all insurance companies to obtain prior approval of the Insurance Commission (IC) for any and all of their investments. It further requires companies to submit to the IC a monthly report on all investments made during the previous month. The IC reviews the investments and may require the immediate sale or disposal of investments deemed too risky.

In the area of equity investments, Section 207 of the New Insurance Code further provides, among other things, 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 risks inherent in equity investments. The Company's own investment policy requires that the Company invest only in shares of common stock of companies listed in the PSE. Furthermore, these listed companies must have profitable business operations and market capitalizations which are on a scale that would qualify them as blue chips.

The Investment Committee regularly reviews and approves a list of publicly traded stocks authorized for investments on the basis of the foregoing considerations. Furthermore, the Investment Committee seeks to avoid unwarranted concentration of funds in a single asset class by regularly monitoring and limiting the proportion of equity investments to the Company's total investment portfolio. As of December 31, 2013 and 2012, investments in listed equities amounted to 18% and 16%, respectively, of the Company's total investment portfolio.

The observed volatility rates of the fair values of the Company's AFS financial assets held at fair value and their impact on the Company's other comprehensive income (loss) as of December 31, 2013 and 2012 are summarized as follows:

	2013		2012	
	Observed Volatility Rates	**Effect in Other Comprehensive Income**	Observed Volatility Rates	Effect in Other Comprehensive Income
Government bonds	**4.15%**	**P 117,047,619**	4.77%	P 153,420,391
Equity securities listed in the Philippines:				
Common shares	**18.63%**	**205,853,102**	11.67%	85,650,546
Preferred shares	**2.77%**	**5,175,804**	2.91%	4,853,546
Corporate bonds			5.21%	
Peso	**0.00%**	**-**	5.21%	35,787,362
Dollar	**4.54%**	**5,501,132**	4.54%	6,109,058
Mutual funds	**24.50%**	**131,157,801**	1.99%	2,913,431
		P 464,735,458		P 288,734,334

(c) Interest Rate Risk

The Company has limited exposure to interest rate risk because of its fixed income investments which amounted to approximately 75% and 85% of the Company's total investment portfolio as of December 31, 2013 and 2012, respectively. The Company attempts to limit interest rate risk by establishing limits on the duration and average maturity of its variable income portfolio.

5. CASH AND CASH EQUIVALENTS

This account consists of:

	2013	2012
Short-term placements	**P 526,193,501**	P 1,155,116,069
Cash on hand and in banks	**78,852,298**	71,383,204
	P 605,045,799	P 1,226,499,273

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 0.48% to1.38% in 2013 and from 1.50% to 3.68% in 2012, while dollar short-term placements earn annual interest rates ranging from 0.50% to 1.0% in 2013 and from 1.00% to 1.20% in 2012. Cash in banks generally earn interest at rates based on daily bank deposit rates. The Cash and Cash Equivalents account includes U.S. dollar denominated cash of $1,916,084 (P85,100,933) as of December 31, 2013 and $3,066,726 (P126,324,596) as of December 31, 2012.

6. REINSURANCE BALANCES

The details of reinsurance balances are as follows:

	2013	2012
Reinsurance balances receivable:		
Reinsurance recoverable on unpaid losses	**P 5,060,294,113**	P 5,636,333,721
Reinsurance recoverable on paid losses	**1,072,506,104**	626,525,861
Due from ceding companies	**833,040,221**	974,562,134
Funds held by ceding companies	**154,845,900**	166,527,502
	7,120,686,338	7,403,949,218
Allowance for impairment	**(572,562,898)**	(335,629,959)
	P 6,548,123,440	P 7,068,319,259
Reinsurance balances payable:		
Claims payable	**P 7,271,270,522**	P 7,721,947,388
Due to retrocessionaires	**858,462,597**	856,526,244
Funds held for retrocessionaires	**80,350,000**	86,765,549
	P 8,210,083,119	P 8,665,239,181

Reinsurance balances receivable pertains to the following:

- Reinsurance recoverable on paid and unpaid losses represent 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.
- 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 receivables 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 end of 2013 and 2012 is shown below.

	Note	2013	2012
Balance at beginning of year		**P 335,629,959**	P 315,629,959
Impairment losses during the year	15	**236,932,939**	20,000,000
Balance at end of year		**P 572,562,898**	P 335,629,959

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.

7. AFS FINANCIAL ASSETS

This account is composed of the following:

	2013	2012
Bonds	**P 4,601,588,981**	P 4,501,347,585
Equity securities	**1,318,680,165**	927,763,530
Investment in ARC	**4,444,847**	30,735,913
Various funds	**466,982,056**	230,193,391
	P 6,391,696,049	P 5,690,040,419

Bonds include investments in corporate bonds, long-term negotiable instruments and government securities. This also includes government securities amounting to P250,000,000 both 2013 and 2012, 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 2.13% to 15.00% and 3.90% to 15.00% as of December 31, 2013 and 2012, respectively. Interest income recognized are presented as part of Investment and Other Income in the statements of income (see Note 13).

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

	2013	2012
Due within one year	**P 178,360,037**	P 77,897,545
Due after one year through five years	**1,396,331,798**	1,204,696,350
Due after five years through ten years	**2,277,689,961**	2,024,673,568
Due after ten years	**749,207,185**	1,194,080,122
	P 4,601,588,981	P 4,501,347,585

The balance of equity securities classified as AFS financial assets consists of:

	2013	2012
Cost:		
Quoted in the stock exchange	**P 1,302,628,348**	P 811,603,964
Not quoted in the stock exchange	**40,636,735**	40,636,735
	1,343,265,083	852,240,699
Fair value gains (losses):		
Quoted in the stock exchange	**(4,413,687)**	93,395,321
Not quoted in the stock exchange	**(20,171,231)**	(17,872,490)
	(24,584,918)	75,522,831
	P 1,318,680,165	P 927,763,530

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

The shares of ARC 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 ARC, while not for sale, were classified under this category since these do not qualify for inclusion in any other categories of financial assets.

In 2013, the Company made retrospective adjustments to present the foreign exchange differences pertaining to investment in ARC as part of other comprehensive income [see Note 2.2 (a)(ii)]. These were previously presented in profit or loss. The fair value of investment in ARC shares amounted to P4,444,847 and P30,735,913, as of December 31, 2013 and 2012, respectively.

The reconciliation of the carrying amounts of AFS financial assets is as follows:

	2013	2012 (As Restated – see Note 2.2)
Balance at beginning of year	**P 5,690,040,419**	P 5,365,644,659
Additions	**4,477,286,405**	7,260,278,243
Disposals/maturities	**(3,578,210,286)**	(6,993,213,909)
Fair value gains (losses) – net	**(211,065,818)**	62,986,832
Foreign currency (gains) losses	**13,645,329**	(5,655,406)
Balance at end of year	**P 6,391,696,049**	P 5,690,040,419

Changes in fair value of AFS financial assets recognized as Fair Value Gains (Losses) account under Other Comprehensive Income (Loss) in the statements of comprehensive income amounted to P211,065,818 and P58,983,332 fair value loss in 2013 and 2011, respectively, and P62,986,832 fair value gains in 2012.

The fair values of AFS financial assets have been determined directly by reference to published prices in active market. Certain 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 investments in mutual funds.

8. LOANS AND RECEIVABLES

This account includes the following:

	2013	2012
Current:		
Accrued interest receivable	**P 61,189,232**	P 70,967,515
Term loans	**-**	130,000,000
Others	**4,591,915**	5,442,814
	65,781,147	206,410,329
Non-current:		
Term loans	**247,500,000**	498,950,000
Loans receivable	**6,766,282**	9,936,218
	254,266,282	508,886,218
	P 320,047,429	P 715,296,547

Loans and receivables are usually due within one to ten years. These financial assets are subject to credit risk exposure. However, the Company does not identify specific concentrations of credit risk with regard to loans and receivables.

Term loans mainly pertain to the Company's participation in syndicated loans of other companies. These loans are unsecured interest-bearing loans with a term ranging from two to five years. The annual effective interest rate on these loans ranges from 4.30% to 5.86% in 2013, 4.53% to 6.62% in 2012 and 5.50% to 6.63% in 2011.

Loans receivable includes unsecured housing and car loans to Company's employees which have annual effective interest rates of 11.00% to 13.00% both in 2013 and 2012. These loans are collected through salary deductions with a term of five to twenty years.

Others includes receivables from sale of various stocks amounting to P1.56 million and P4.08 million in 2013 and 2012, respectively.

The fair value of these financial assets is not individually determined as the carrying amount is a reasonable approximation of this fair value since the interest rates are approximately the same as the market interest rate.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization at the beginning and end of 2013 and 2012 are shown below.

	Condominium Units	Office Improvements	Office Furniture and Equipment	Transportation Equipment	EDP Equipment	Total
December 31, 2013						
Cost	P 154,882,915	P 14,845,258	P 10,095,760	P 10,426,898	P 34,391,666	P 224,642,497
Accumulated depreciation and amortization	(73,064,749)	(8,744,816)	(9,022,515)	(5,097,303)	(25,959,868)	(121,889,251)
Net carrying amount	**P 81,818,166**	**P 6,100,442**	**P 1,073,245**	**P 5,329,595**	**P 8,431,798**	**P 102,753,246**
December 31, 2012						
Cost	P 154,882,915	P 14,767,509	P 10,094,260	P 12,822,772	P 34.881,506	P 227,448,962
Accumulated depreciation and amortization	(68,348,425)	(7,790,629)	(8,685,698)	(5,144,167)	(22,527,374)	(112,496,293)
Net carrying amount	P 86,534,490	P 6,976,880	P 1,408,562	P 7,678,605	P 12,354,132	P 114,952,669
December 31, 2011						
Cost	P 154,882,913	P 12,241,691	P 10,455,422	P 13,957,307	P 39,009,102	P 230,546,435
Accumulated depreciation and amortization	(63,632,097)	(6,681,825)	(9,568,256)	(4,216,433)	(19,071,915)	(103,170,526)
Net carrying amount	P 91,250,816	P 5,559,866	P 887,166	P 9,740,874	P 19,937,187	P 127,375,909

A reconciliation of the carrying amounts at the beginning and end of 2013 and 2012, of property and equipment is shown below.

	Condominium Units	Office Improvements	Office Furniture and Equipment	Transportation Equipment	EDP Equipment	Total
Balance at January 1, 2013, net of accumulated depreciation and amortization	P 86,534,490	P 6,976,880	P 1,408,562	P 7,678,605	P 12,354,132	P 114,952,669
Additions	-	77,749	1,500	2,043,148	175,876	2,298,273
Disposals	-	-	-	(1,607,354)	-	(1,607,354)
Depreciation and amortization charges for the year	(4,716,324)	(954,187)	(336,817)	(2,784,804)	(4,098,210)	(12,890,342)
Balance at December 31, 2013, net of accumulated depreciation and amortization	**P 81,818,166**	**P 6,100,442**	**P 1,073,245**	**P 5,329,595**	**P 8,431,798**	**P 102,753,246**
Balance at January 1, 2012, net of accumulated depreciation and amortization	P 91,250,816	P 5,559,866	P 887,166	P 9,740,874	P 19,937,187	P 127,375,909
Additions	-	2,525,818	928,245	1,475,895	922,093	5,852,051
Transfer to intangible assets	-	-	-	-	(4,001,011)	(4,001,011)
Depreciation and amortization charges for the year	(4,716,326)	(1,108,804)	(406,849)	(3,538,164)	(4,504,137)	(14,274,280)
Balance at December 31, 2012, net of accumulated depreciation and amortization	P 86,534,490	P 6,976,880	P 1,408,562	P 7,678,605	P 12,354,132	P 114,952,669

In 2013, the Company sold certain assets at their net book value amounting to P1,607,354. In 2012 and 2011, the Company sold certain fully depreciated assets and recognized gain amounting to P26,786 and P6,786, respectively, which are presented as part of Investment and Other Income in the statements of comprehensive income (see Note 13).

In 2012, the Company transferred portion of its EDP Equipment with carrying value of P4,001,011 from Property and Equipment to Intangible assets under Other Assets account upon commencement of use of related asset which is identified as intangible asset (see Note 11).

The cost of fully depreciated property and equipment recorded in the books that are still in use amounting to P29,165,291 and P27,276,161 as of December 31, 2013 and 2012, respectively.

10. DEFERRED REINSURANCE PREMIUMS AND RESERVE FOR UNEARNED REINSURANCE PREMIUMS

The movement of these accounts follows:

	Deferred Reinsurance Premiums		Reserve for Unearned Reinsurance Premiums	
	2013	2012	**2013**	2012
Balance at beginning of year	**P 400,632,000**	P 564,483,447	**P 734,563,495**	P 897,469,364
Decrease during the year	**(181,733,511)**	(163,851,447)	**(192,669,839)**	(162,905,869)
Balance at end of year	**P 218,898,489**	P 400,632,000	**P 541,893,656**	P 734,563,495

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.

11. OTHER ASSETS

The Other Assets account includes the following:

	Note	2013	2012
Creditable withholding tax		**P 126,131,327**	P 100,418,362
Deferred input VAT	28.1	**74,123,058**	68,437,058
Input VAT	28.1	**68,517,247**	52,472,376
Intangible assets − net		**41,008,141**	60,192,819
Deferred withholding VAT	28.1	**9,200,181**	9,200,181
Prepayments		**4,729,864**	4,493,607
Investment property − net		**2,839,909**	2,844,909
Deposit		**619,385**	284,616
Security fund		**192,888**	192,888
Others		**2,598,974**	3,182,317
		P 329,960,974	P 301,719,133

Input VAT includes unapplied input taxes resulting from unpaid premiums on ceded out transactions and unamortized input VAT on capital asset acquisitions.

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 December 31, 2013 and 2012 follow:

	2013	2012
Cost	**P 110,108,534**	P 107,707,186
Accumulated amortization	**(69,100,393)**	(47,514,367)
Balance at end of year	**P 41,008,141**	P 60,192,819

A reconciliation of the carrying amounts at the beginning and end of 2013 and 2012, of intangible assets is shown below.

	Notes	2013	2012
Balance at beginning of year, net of accumulated amortization		**P 60,192,819**	P 62,314,284
Additions		**2,401,348**	14,012,160
Amortization charges for the year	15	**(21,586,026)**	(20,134,636)
Transfers from property and equipment	9	**-**	4,001,011
Balance at end of year		**P 41,008,141**	P 60,192,819

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

Deferred withholding VAT relates to the unapplied input VAT on unpaid premiums on ceded out transactions to the Company from a certain government entity.

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

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 December 31:

	Note	2013	2012
Balance at beginning of year		**P 2,844,909**	P 2,849,909
Depreciation and amortization charges for the year	15	**(5,000)**	(5,000)
Balance at end of year		**P 2,839,909**	P 2,844,909

Security fund represents amount deposited with the IC, as required in the IC, 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.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account includes the following:

	Notes	2013	2012 (As Restated – see Note 2.2)
Defined benefit liability	16.2	**P 64,429,415**	P 93,981,694
Deferred output VAT	28.1	**34,949,912**	39,998,373
Accounts payable and other liabilities		**31,355,892**	93,120,827
Accrued expenses		**5,039,574**	8,251,532
Withholding taxes payable		**1,954,261**	2,099,082
		P 137,729,054	P 237,451,508

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.

13. INVESTMENT AND OTHER INCOME

The details of this account follow:

	Notes	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Gain on sale of AFS financial assets	19.2	**P 327,352,764**	P 298,137,689	P 354,002,693
Interest income	5, 7, 8, 19.2	**298,209,165**	356,372,204	371,450,866
Dividend income		**34,303,900**	30,947,188	37,970,582
Foreign currency gains	4.4	**10,095,088**	21,115,982	7,733,321
Gain on sale of property and equipment	9	**-**	26,786	6,786
Other charges	19.2	**(5,561,284)**	(4,447,884)	(3,005,295)
		P 664,399,633	P 702,151,965	P 768,158,953

14. UNDERWRITING DEDUCTIONS

14.1 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.

14.2 Commissions - net

This account consists of the following:

	2013	2012	2011
Commission expense	**P 458,096,397**	P 476,797,208	P 626,620,050
Reinsurance revenues	**(168,191,674)**	(177,889,361)	(281,013,432)
	P 289,904,723	P 298,907,847	P 345,606,618

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.

15. GENERAL AND ADMINISTRATIVE EXPENSES

The details of this account follow:

	Notes	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Impairment losses	6	**P 236,932,939**	P 20,000,000	P 32,500,000
Salaries and employee benefits	16.1	**127,150,814**	119,604,651	116,470,971
Depreciation and amortization	9, 11	**34,481,368**	34,413,916	28,843,853
Professional fees		**18,434,981**	13,316,868	9,731,499
Repairs and maintenance		**10,167,495**	6,523,983	3,421,830
Finance costs	16.2	**4,887,048**	4,638,651	5,732,156
Taxes and licenses	28.1	**4,517,157**	5,238,242	8,535,220
Representation and entertainment		**4,384,392**	4,272,864	7,670,000
Association and pool expense		**3,782,149**	4,400,915	4,879,127
Light and water		**3,748,705**	4,511,400	5,003,744
Transportation and travel		**2,667,442**	3,182,223	4,684,800
Communication and postages		**2,054,624**	2,661,263	2,170,142
Contract labor		**1,775,967**	1,979,812	3,292,570
Advertising and publicity		**1,490,267**	1,383,533	1,864,393
Printing and office supplies		**1,222,261**	1,353,887	1,406,472
Insurance		**1,049,218**	1,021,647	1,107,128
Rental	23.1	**763,003**	655,989	1,510,719
Miscellaneous		**8,984,244**	7,592,337	4,372,530
		P 468,494,074	P 236,752,181	P 243,197,154

16. SALARIES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefit Expense

Expenses recognized for salaries and employee benefits are presented below.

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Short-term employee benefits	**P 102,703,527**	P 105,659,720	P 102,547,563
Post-employment defined benefit	**9,416,731**	9,276,730	9,855,313
Compensated absences	**9,212,541**	4,668,201	4,068,095
Separation benefits	**5,818,015**	-	-
	P 127,150,814	P 119,604,651	P 116,470,971

16.2 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 2013 including the comparative year which has been restated in line with the adoption of PAS 19 (Revised), see Note 2.2(a)(ii).

The amounts of defined benefit liability (presented as part of Accounts Payable and Accrued Expenses – see Note 12) recognized in the statements of financial position are determined as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Present value of the obligation	**P 144,762,543**	P 174,933,081	P 152,043,509
Fair value of plan assets	**(80,333,128)**	(80,951,387)	(67,704,396)
Defined benefit liability	**P 64,429,415**	P 93,981,694	P 84,339,113

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

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Balance at beginning of year	**P 174,933,081**	P 152,043,509	P 167,377,632
Current service cost	**9,581,702**	9,276,730	9,855,313
Interest expense	**9,096,520**	8,362,393	9,205,770
Remeasurement on actuarial losses (gains) arising from:			
Changes in financial assumptions	**11,708,682**	4,147,740	(13,883,886)
Changes in demographic assumptions	**25,294**	-	-
Experience adjustments	**921,633**	5,486,134	749,283
Benefits paid other than settlement	**(44,771,305)**	-	-
Settlement gain	**(164,971)**	-	-
Benefits paid by the plan	**(16,568,093)**	(4,383,425)	(21,260,603)
Balance at end of year	**P 144,762,543**	P 174,933,081	P 152,043,509

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

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Balance at beginning of year	**P 80,951,387**	P 67,704,396	P 63,156,618
Interest income	**4,209,472**	3,723,742	3,473,614
Return on plan assets (excluding amounts included in net interest)	**2,261,487**	5,283,655	(570,578)
Contributions paid into the plan	**54,250,180**	8,623,019	22,905,345
Benefits paid by the plan	**(61,339,398)**	(4,383,425)	(21,260,603)
Balance at end of year	**P 80,333,128**	P 80,951,387	P 67,704,396

The plan assets as of December 31 consist of:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Cash and cash equivalents	**P 4,798,403**	P 22,707,549	P 12,801,326
Equity securities	**26,137,227**	17,197,422	12,199,683
Philippine government bonds	**49,159,686**	39,631,244	41,375,637
Loans and receivables	**237,812**	1,415,172	1,327,750
Balance at end of year	**P 80,333,128**	P 80,951,387	P 67,704,396

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 P6.5 million in 2013, P9.0 million in 2012 and P2.9 million in 2011.

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:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Reported in profit or loss:			
Current service cost	**P 9,581,702**	P 9,276,730	P 9,855,313
Settlement gain	**(164,971)**	-	-
Net interest expense	**4,887,048**	4,638,651	5,732,156
	P 14,303,779	P 13,915,381	P 15,587,469
Reported in other comprehensive loss (income):			
Actuarial losses arising from changes in:			
Financial assumptions	**P 11,708,682**	P 4,147,740	(P 13,883,886)
Experience adjustments	**921,633**	5,486,134	749,283
Demographic assumptions	**25,294**	-	-
Return on plan assets (excluding amounts included in net interest)	**(2,261,487)**	(5,283,655)	570,578
	P 10,394,122	P 4,350,219	(P 12,564,025)

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 15).

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:

	2013	2012	2011
Discount rates	**5.2%**	5.2%	5.5%
Expected rate of salary increase	**5.0%**	5.0%	6.0%
Employee turn-over rate	**5.0% to 9.5%**	5.0% to 9.5%	5.0% to 9.5%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 65 is 25. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

(i) Investment and Interest Risks

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the plan's investments in debt securities and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investment in cash and cash equivalents, loans receivables, equity securities and debt securities. Due to the long-term nature of the plan obligation, a level of continuing equity and debt investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(iii) Inflation Risk

A significant proportion of the defined benefit obligation is linked to inflation. The increase in inflation will increase the Company's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, the Company's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2013:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	+/- 1.0%	(P 10,347,312)	P 10,347,312
Salary growth	+/- 1.0%	10,131,427	(10,131,427)
Turn-over rate	+/-10.00%	(722,277)	722,277

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

The Company applies asset-liability matching techniques to maximize investment returns at the least risk to reduce contribution requirements while maintaining a stable retirement fund. Retirement funds are invested to ensure that liquid funds are available when benefits become due, to minimize losses due to investment pre-terminations, and maximize opportunities for higher potential returns at the least risk.

The Company is guided by a formal Asset-Liability Management Study conducted by the Company's actuary. In the study, expected benefit payments are projected and classified into short-term, medium-term or long-term liabilities. Investment instruments that would match the liabilities are identified. Finally, the investment mixes that would yield the maximum returns at certain risk levels are identified using the Markowitz Portfolio Theory (MPT) or the Mean Variance Framework.

The study is conducted every three (3) years to capture changes in the demographic profile of the employees and changes in the economic environment affecting the amounts of maturing obligations and rates of return of available investment instruments.

In view of this, investments are made in reasonably diversified portfolio, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of the plan assets as of December 31, 2013 and 2012 consists of debt and equity securities, although the Company also invests in cash equivalents and loans receivables. The Company believes that debt securities offer the most secure returns over the long term as they have the least acceptable level of risk which is in line with their asset-liability matching techniques.

There has been no change in the Company's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P64.4 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk in about 20 years time when a significant number of employees is expected to retire.

The Company expects to make contribution of P16.9 million to the plan during the next financial year.

As of December 31, 2013, the maturity profile of undiscounted expected benefit payments from the plan for the next 20 years follows.

	Amount
Within one year	P 16,934,521
More than one year to five years	81,557,523
More than five years to ten years	100,542,579
More than ten years to 15 years	33,848,339
More than 15 years to 20 years	11,462,186
	P 244,345,148

The weighted average duration of the defined benefit obligation at the end of the reporting period is 20 years.

17. CURRENT AND DEFERRED TAXES

The components of tax expense as reported in statements of income.

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Current tax expense:			
Final tax at 20% and 7.5%	**P 55,281,861**	P 66,272,420	P 72,022,408
Minimum corporate income tax (MCIT)	**-**	-	111,174
	P 55,281,861	P 66,272,420	P 72,133,582

The reconciliation of the tax on pretax profit computed at the applicable statutory rates to tax expense in profit or loss is as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Tax on pretax profit at 30%	**P 22,203,109**	P 30,110,206	P 125,413,421
Adjustment for income subjected to lower tax rates	**(75,972,541)**	(62,556,657)	(60,468,827)
Tax effects of:			
Unrecognized net operating loss carry–over (NOLCO)	**110,698,445**	146,993,990	49,351,226
Non-taxable income	**(58,136,454)**	(67,111,951)	(91,714,793)
Net unrecognized deferred tax assets	**56,429,302**	18,836,832	48,977,374
Non-deductible expenses	**60,000**	-	575,181
Tax expense reported in statements of income	**P 55,281,861**	P 66,272,420	P 72,133,582

In accordance with the applicable accounting standards, the Company has taken a conservative position by not recognizing the net deferred tax assets on the following temporary differences as of December 31, 2013 and 2012:

	2013		2012 (As Restated – see Note 2.2)	
	Tax Base	**Tax Amount**	Tax Base	Tax Amount
Deferred tax assets:				
NOLCO	**P 1,023,478,868**	**P 307,043,661**	P 1,744,737,302	P 523,421,191
Allowance for impairment	**572,562,898**	**171,768,870**	335,629,959	100,688,988
Unamortized past service cost	**60,944,728**	**18,283,418**	24,002,811	7,200,843
Defined benefit liability	**64,429,415**	**19,328,824**	93,981,694	28,194,508
Accrued leave benefits	**2,822,635**	**846,790**	3,358,461	1,007,538
Revaluation reserves on AFS financial assets	**716,392**	**214,917**	(27,007,459)	(8,102,238)
Accrued expense	**890,669**	**267,201**	3,401,780	1,020,534
MCIT	**111,174**	**111,174**	111,174	111,174
Deferred tax liabilities:				
Excess of reserves for unearned reinsurance premiums per books over tax basis	**(193,760,536)**	**(58,128,160)**	(156,536,358)	(46,960,907)
Deferred acquisition costs - net	**(61,620,251)**	**(18,486,076)**	(53,438,282)	(16,031,485)
Unrealized foreign currency gains	**(6,854,810)**	**(2,056,443)**	(9,477,111)	(2,843,133)
Net Unrecognized Deferred Tax Assets	**P 1,463,721,182**	**P 439,194,176**	P 1,958,763,971	P 587,707,013

The details of the unrecognized NOLCO is shown below.

Year Incurred	Amount	Expired	Balance	Until
2013	P 368,994,815	P -	P 368,994,815	2016
2012	489,979,965	-	489,979,965	2015
2011	164,504,088	-	164,504,088	2014
2010	1,090,253,249	1,090,253,249	-	2013
	P 2,113,732,117	P 1,090,253,249	P 1,023,478,868	

The Company is subject to MCIT which is computed at 2% of gross income, or regular corporate income tax (RCIT), whichever is higher. In 2013 and 2012, the Company has not paid MCIT because the Company resulted in a gross loss. In 2011, however, the Company recognized MCIT amounting to P111,174 as this is higher than the computed RCIT. The 2011 MCIT can be applied against future RCIT until 2014.

In 2013, 2012 and 2011, the Company claimed itemized deductions.

18. EQUITY

18.1 Capital Stock

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

	Number of Shares		
	2013	2012	2011
Authorized – 3,000,000,000 shares			
Issued and outstanding			
Balance at beginning of year	**2,123,605,600**	2,123,605,600	2,159,677,600
Reacquired during the year	**-**	-	(36,072,000)
Balance at end of year	**2,123,605,600**	2,123,605,600	2,123,605,600

	Amount		
	2013	2012	2011
Authorized – 3,000,000,000 shares			
Issued and outstanding			
Balance at beginning of year	**P 2,123,605,600**	P 2,123,605,600	P 2,159,677,600
Reacquired during the year	**-**	-	(36,072,000)
Balance at end of year	**P 2,123,605,600**	P 2,123,605,600	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 December 31, 2013 and 2012, there are 281 holders of the listed shares, respectively. Such listed shares closed at P1.36 and P1.70 per share, as of those dates, respectively,

18.2 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 2012 and 2013. As of December 31, 2013 and 2012, total shares in treasury is 58,349,000 amounting to P100,525,432.

18.3 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 P270,342,396, P268,469,546 and P265,673,762 as of December 31, 2013, 2012 and 2011, respectively.

18.4 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, P0.10 per share (or a total of P212,360,560) on May 17, 2012 and P0.02 per share (or a total of P43,193,552) on May 19, 2011, payable to stockholders of record as of June 14, 2013, June 1, 2012 and June 3, 2011, respectively. There were no outstanding dividends payable as of December 31, 2013 and 2012.

19. 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.

19.1 Reinsurance Contracts with Related Parties

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

	2013		2012	
	Stockholders	**Related Parties Under Common Ownership**	Stockholders	Related Parties Under Common Ownership
Premiums	**P 365,120,220**	**P 4,074,436**	P 606,272,630	P 35,659,571
Retrocessions	**1,221,459**	**(1,343,046)**	16,355,172	1,600,177
Commission income	**59,360**	**-**	1,692,371	-
Commission expenses	**97,893,969**	**-**	135,320,711	-
Losses incurred	**352,657,903**	**5,304,356**	137,730,775	5,543,290
Losses recoveries	**8,262**	**122,875**	70,917	281,218

As a result of the above transactions, reinsurance balances receivable from and payable to related parties are as follows (see Note 6):

	2013		2012	
	Stockholders	**Related Parties Under Common Ownership**	Stockholders	Related Parties Under Common Ownership
Due from ceding companies	**P 252,395,929**	**P 5,531,868**	P 325,821,318	P 21,324,607
Reinsurance recoverable on losses	**97,064,646**	**-**	96,014,808	124,685
Funds held by ceding companies	**63,791,182**	**-**	60,967,241	-
Claims payables	**1,778,046,311**	**4,458,459**	1,083,635,002	9,762,815
Due to retrocessionaires	**13,568,173**	**166,279**	9,558,961	265,740
Funds held for retrocessionaire	**164,032**	**-**	164,032	-

The balance of due from ceding companies pertaining to related parties is presented net of P30.7 million allowance for impairment both in December 31, 2013 and 2012. There are no other impairment losses recognized on other receivables.

19.2 Other Transactions

The Company's other transactions with related parties follow:

	Notes	2013 Amount of Transactions	2013 Outstanding Balance	2012 Amount of Transactions	2012 Outstanding Balance
Stockholders					
Cash and cash equivalents	(a)	**(P 183,905)**	**P 2,960,806**	(P 1,313,195)	P 3,144,711
AFS financial assets	(b)	**-**	**-**	(200,000,000)	-
Interest income – bank accounts	(a)	**19,380**	**-**	499,314	-
Interest income – AFS financial assets	(b)	**-**	**-**	6,139,195	-
Trading gains	(b)	**(100,197)**	**-**	-	-
Service fees	(d)	**31,526**	**-**	3,827,855	-
Related Party Under Common Ownership					
Cash and cash equivalents	(a)	**(195,025,988)**	**185,405,635**	(231,151,025)	380,431,623
AFS financial assets	(b)	**(101,632,209)**	**187,295,747**	(32,218,972)	288,927,956
Loans and receivables	(c)	**(132,059,922)**	**3,201,308**	(20,354,843)	135,081,230
Interest income – bank accounts	(a)	**6,898,130**	**-**	36,230,048	-
Interest income – AFS financial assets	(b)	**16,528,796**	**-**	17,919,652	-
Interest income – loans and receivables	(c)	**5,308,681**	**-**	4,359,722	-
Trading gains	(b)	**1,285,723**	**-**	156,051	-
Service fees	(d)	**454,541**	**-**	-	-

(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 13).

(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 13).

(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 13). The term loan is unsecured and earns interest of 5.00% to 5.50% in 2013, 2012 and 2011 and has matured in 2013. As of December 31, 2012, 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 13) in the statements of income. There are no outstanding liabilities from these transactions as of December 31, 2013 and 2012.

19.3 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.

19.4 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 2013 except for its contribution of P54,250,180.

19.5 Key Management Personnel Compensation

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

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Short-term benefits	**P 41,126,946**	P 41,419,166	P 46,724,804
Post-employment benefits	**2,671,986**	1,017,770	1,191,408
	P 43,798,932	P 42,436,936	P 47,916,212

20. SOLVENCY

Under the New Insurance Code, an insurance company doing business in the Philippines shall at all times maintain the minimum paid-up capital, and net worth requirements as prescribed by the Commissioner. Such solvency requirements shall be based on internationally accepted solvency frameworks and adopted only after due consultation with the insurance industry associations.

Whenever the aforementioned requirement is found to be less than the required to be maintained, the Commissioner shall direct the Company to make good any such deficiency by cash, to be contributed by all stockholders of record in proportion with their respective interests, and paid to the treasurer of the Company, within 15 days from receipt of the order. Provided, that the Company in the interim shall not be permitted to take any new risk of any kind or character unless and until it make good any such deficiency: In case that a stockholder pays the contribution due from another stockholder by reason of failure or refusal of the latter to do so, shall have a lien on the certificates of stock of the Company appearing in its books in the name of the defaulting stockholder on the date of default, as well as on any interests or dividends that have accrued or will accrue to the said certificates of stocks, until the corresponding payment or reimbursement is made by the defaulting stockholder.

21. RECONCILIATION OF NET PROFIT UNDER PFRS TO STATUTORY NET PROFIT (LOSS)

The reconciliation of net profit under PFRS and statutory net profit (loss) follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
PFRS net profit	**P 18,728,502**	P 34,094,934	P 345,911,154
Difference in change in reserve for unearned reinsurance premiums – net	**(37,224,178)**	47,302,566	131,851,695
Deferred acquisition costs – net	**(8,181,969)**	5,209,927	9,285,340
Statutory net profit (loss)	**(P 26,677,645)**	P 86,607,427	P 487,048,189

22. EARNINGS PER SHARE

The earnings per share amounts are as follows:

	2013	2012 (As Restated – see Note 2.2)	2011 (As Restated – see Note 2.2)
Net profit available to common shareholders	**P 18,728,502**	P 34,094,934	P 345,911,154
Divided by the average number of outstanding common shares	**2,123,605,600**	2,123,605,600	2,158,184,230
	P 0.01	P 0.02	P 0.16

Diluted earnings per share is not determined since the Company does not have dilutive shares as of December 31, 2013, 2012 and 2011.

23. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Company:

23.1 Operating Lease Commitments – Company as Lessee

The Company is a lessee under various operating leases covering warehouse and parking lots having a term of one year with renewal options. The future minimum rentals payable under this non-cancellable operating lease as of December 31, 2013 and 2012 are P4,417,671 and P166,228, respectively.

Rental expense recognized amounted to P763,003, P655,989, and P1,510,719 in 2013, 2012 and 2011, respectively, and is presented in the statements of income as Rental account under General and Administrative Expenses (see Note 15).

23.2 Legal Claims

The Company is a defendant in a third party claim filed by a government agency against the Company and other reinsurers. Management believes that as of December 31, 2013, the reserve set up relating to this case is adequate to cover any liability that may arise from the ultimate outcome of the case.

23.3 Others

In the normal course of business, the Company makes various commitments and incurs certain contingent liabilities that are not given recognition in the accompanying financial statements. Management believes that losses as of December 31, 2013, if any, that may arise from these commitments and contingencies will not have any material effect on the financial statements.

24. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

24.1 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.

		2013		2012	
	Notes	**Carrying Values**	**Fair Values**	Carrying Values	Fair Values
Financial assets					
Loans and receivables:					
Cash and cash equivalents	5	**P 605,045,799**	**P 605,045,799**	P 1,226,499,273	P1,226,499,273
Reinsurance balances receivables	6	**6,548,123,440**	**6,548,123,440**	7,068,319,259	7,068,319,259
Loans and receivables	8	**320,047,429**	**320,047,429**	715,296,547	715,296,547
		P 7,473,216,668	**P7,473,216,668**	P 9,010,115,079	P9,010,115,079
AFS financial assets:	7				
Debt securities		**P 4,601,588,981**	**P4,601,588,981**	P 4,501,347,585	P4,501,347,585
Equity securities		**1,318,680,165**	**1,318,680,165**	927,763,530	927,763,530
Investment in ARC		**4,444,847**	**4,444,847**	30,735,913	30,735,913
Various funds		**466,982,056**	**466,982,056**	230,193,391	230,193,391
		P 6,391,696,049	**P6,391,696,049**	P 5,690,040,419	P5,690,040,419
Financial liabilities					
Financial liabilities at amortized cost					
Reinsurance balances payable	6	**P 8,210,083,119**	**P 8,210,083,119**	P 8,665,239,181	P8,665,239,181
Accounts payable and other accrued expenses	12	**36,395,466**	**36,395,466**	101,372,359	101,372,359
		P 8,246,478,585	**P8,246,478,585**	P 8,766,611,540	P8,766,611,540

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.

See Notes 2.3 and 2.8 for a description of the accounting policies for each category of financial instrument including the determination of fair values. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 4.

24.2 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 December 31 are as follows.

	Note	2013	2012
Reinsurance balances receivable	6	**P 7,120,686,338**	P 7,403,949,218
Reinsurance balances payable	6	**8,210,083,119**	8,665,239,181

25. FAIR VALUE MEASUREMENT AND DISCLOSURES

25.1 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.

25.2 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 December 31, 2013 and 2012 (amounts in thousand Philippine Peso).

	Level 1	Level 2	Level 3	Total
December 31, 2013				
AFS financial assets	**P 4,312,494**	**P 487,448**	**P 494,103**	**P 5,294,045**
December 31, 2012				
AFS financial assets	P 5,667,276	P -	P -	P 5,667,276

The Company's AFS financial assets includes certain investments measured at cost amounting to P1,097,652 and P22,764 (amounts in thousand Philippine Peso) as of December 31, 2013 and 2012, respectively.

The Company has no financial liabilities measured at fair value as of December 31, 2013 and 2012.

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 December 31, 2013 and 2012, 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.

25.3 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 2013 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 605,045,799	P -	P -	P 605,045,799
Reinsurance balances receivables	-	-	6,548,123,440	6,548,123,440
Loans and receivables	-	-	320,047,429	320,047,429
	P 605,045,799	**P -**	**P6,868,170,869**	**P 7,473,216,668**
Financial liabilities:				
Reinsurance balances payable	P -	P -	P8,210,083,119	P 8,210,083,119
Accounts payable and other accrued expenses	-	-	36,395,466	36,395,466
	P -	**P -**	**P8,246,478,585**	**P 8,246,478,585**

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.

25.4 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 December 31, 2013 and 2012, the fair values of the investment properties is P5,880,000 and P5,640,000, 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.

26. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are (a) to ensure the Company's ability to continue as a going concern; and, (b) to provide an adequate return to shareholders by complying with the capital requirements and limitation enforced by the IC and by aligning the Company's operational strategy to its corporate goals. The capital requirements and limitations are as follows:

26.1 Minimum Capitalization

Under section 289 of the New Insurance Code, any partnership, association, or corporation authorized to transact solely reinsurance business must have a capitalization of at least P3,000,000,000 paid in cash of which at least 50% is paid-up capital and the remaining portion thereof is contributed surplus, which in no case shall be less than P400,000,000 or such capitalization as may be determined by the Secretary of Finance, upon the recommendation of the Commissioner. The Company has met the minimum capital requirements for both years.

26.2 Risk-Based Capital Requirements

As per Insurance Memorandum Circular No. 7-2006, every non-life insurance company is annually required to maintain a minimum Risk-Based Capital (RBC) ratio of 100%. RBC ratio is computed by dividing the Company's net worth by an RBC requirement prescribed by the IC. The RBC requirement is determined after considering the admitted value of certain financial statement accounts whose final amounts can be determined only after the examination by the IC.

26.3 Limitation on Dividend Declaration

The Company's BOD is authorized to declare dividends. A cash dividend declaration does not require any further approval from the stockholders. However, a stock dividend declaration requires further approval of the stockholders holding or representing not less than two-thirds of the Company's outstanding capital stock. Dividends may be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the BOD may determine and in accordance with law.

Section 201 of the New Insurance Code provides that a domestic insurance company shall declare or distribute dividends on its outstanding stock unless it has met the minimum paid-up capital and net worth requirements under Section 194 and except from profits attested in a sworn statement to the Commissioner by the president or treasurer of the corporation to be remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the solvency requirements defined by Section 200;
- the legal reserve fund required by Section 219; and,
- a sum sufficient to pay all net losses reported or in the course of settlement and all liabilities for expenses and taxes.

The Company is required to report such dividend declaration or distribution to the IC within 30 days from the date of such declaration.

Moreover, the SEC, through its Memorandum Circular 11 dated December 5, 2008 has set guidelines in determining the appropriate amount of Retained Earnings available for dividend distribution. This shall be based on the net profit for the year based on the audited financial statements, adjusted for unrealized items which are considered not available for dividend declaration. These unrealized items consist of the following:

- share/equity in net income of the associate or joint venture;
- unrealized foreign currency gains, except those attributable to cash and cash equivalents;
- unrealized actuarial gains arising from the exercise of the option of recognizing actuarial gains or losses directly to the statement of comprehensive income;
- fair value adjustment arising only from marked-to-market valuation which are not yet realized;
- the amount of deferred tax asset that reduced the amount of income tax expense;
- adjustment due to deviation from PFRS/Generally Accepted Accounting Principles which results to gain; and,
- other unrealized gains or adjustments to the retained earnings.

27. SELECTED FINANCIAL PERFORMANCE INDICATORS

The following basic ratios measure the financial performance of the Company:

	2013	2012 (As Restated – see Note 2.2)
Current ratio	**1.66**	1.65
Asset-to-equity	**2.57**	2.63
Liability-to-equity	**1.57**	1.63

28. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

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

28.1 Requirements under RR 15-2010

The information on taxes, duties and license fees paid or accrued during the taxable year required under RR 15-2010 are as follows:

(a) Output VAT

In 2013, the Company declared output VAT amounting to P20,362,478, which is set off against input VAT (see Note 28.1b), based on the following gross receipts:

	Tax Base	Output VAT
Commission earned on retrocession	P 169,687,313	P 20,362,478
Exempt receipts	2,147,743,693	-
	P 2,317,431,006	**P 20,362,478**

Pursuant to RR 04-07 effective April 6, 2007, "Non-life insurance premiums are subject to VAT whereas non-life reinsurance premiums are not subject to VAT, the latter being already subject to VAT upon receipt of the insurance premiums".

The tax bases of commission earned on retrocession are included as net of Underwriting Deductions account in the 2013 statement of income. The tax bases for commission are based on the Company's gross receipts for the year, hence, may not be the same with the amounts accrued in the 2013 statement of income.

As of December 31, 2013, the Company also has Deferred output VAT amounting to P34,949,912 pertaining to uncollected commission income from retrocessionaires (see Note 12).

(b) Input VAT

The movements in input VAT in 2013 are summarized below.

Balance at beginning of year	P 52,472,376
Services lodged under other accounts	36,653,968
Goods other than for resale or manufacture	3,534,512
Capital goods subject to amortization	1,167,456
Applied against output VAT	(20,362,478)
Input VAT on exempt sales	(4,948,587)
Balance at end of year	**P 68,517,247**

The balance of Input VAT as of December 31, 2013 is recorded under Other Assets account in the 2013 statement of financial position (see Note 11).

As of December 31, 2013, the Company also has Deferred Input VAT amounting to P74,123,058 pertaining to VAT on unpaid commission to ceding companies, and Deferred Withholding VAT amounting to P9,200,181 representing VAT on unapplied input VAT on unpaid premiums on ceded out transactions to the Company from a certain government entity (see Note 11).

(c) Taxes on Importation

The Company does not have any customs duties or tariff fees in 2013 since it does not have any importation.

(d) Excise Tax

The Company does not have excise tax in 2013 since it does not have any transactions which are subject to excise tax.

(e) Documentary Stamp Tax (DST)

Reinsurance contracts are not subject to DST. The Company is liable to DST when it issues original shares of stocks or transfer certificate of stock. The Company did not issue original shares of stocks nor transfer certificate of stocks for the year ended December 31, 2013.

(f) Taxes and Licenses

The details of Taxes and Licenses account for the year ended December 31, 2013 presented under General and Administrative is broken down as follows (see Note 15):

Municipal license and permits	P	2,908,946
Registration		576,680
Real estate taxes		573,773
Fringe benefit tax		443,827
Notarial fees		13,931
	P	**4,517,157**

(g) Withholding Taxes

The details of total withholding taxes for the year ended December 31, 2013 are shown below.

Compensation and benefits	P	26,071,505
Final		3,981,131
Expanded		3,440,775
	P	**33,493,411**

(h) Deficiency Tax Assessments and Tax Cases

As of December 31, 2013, the Company does not have any final deficiency tax assessments with the BIR or tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open years.

28.2 Requirements Under RR 19-2011

RR 19-2011 requires schedules of taxable revenues and other non-operating income, costs of sales and services, and itemized deductions, to be disclosed in the notes to financial statements.

The amounts of taxable revenues and income, and deductible costs and expenses presented below are based on relevant tax regulations issued by the BIR, hence, may not be the same as the amounts reflected in the 2013 statement of comprehensive income.

(a) Taxable Revenues

The Company's taxable revenues from rendering of services amounted to P819,620,680 for the year ended December 31, 2013.

(b) Deductible Costs of Services

Deductible cost of services for the year ended December 31, 2013 comprises the following:

Claims and losses	P	662,547,481
Commission – net		298,086,692
Salaries and allowances		46,095,883
Increase in unearned reinsurance premiums		26,287,850
Interest expense		2,059,593
		P 1,035,077,499

(c) Taxable Non-operating and Other Income

The details of taxable non-operating and other income in 2013, which are subject to regular tax rate are shown below.

Interest income	P	30,309,407
Realized foreign currency gains		12,717,386
Gain on sale of AFS		313,166
Miscellaneous		24,655
		P 43,364,614

(d) Itemized Deductions

The amounts of itemized deductions for the year ended December 31, 2013 are as follows:

Salaries and allowances	P	61,868,288
Depreciation and amortization		34,481,368
Professional fees		18,452,481
Repairs and maintenance		11,570,752
Amortization of past service cost		9,581,702
Current service cost		7,726,561
Separation benefit		5,818,015
Other investment expenses		5,585,937
Directors' fees		4,594,117
Taxes and licenses		4,517,407
Representation and entertainment		4,377,288
Light and water		4,125,997
Association dues		3,782,349
Transportation and travel		2,890,450
Communication and postage		2,239,276
Other services		1,918,489
Meetings and conferences		1,711,664
Advertising and promotions		1,490,267
Office supplies		1,231,298
Insurance		1,049,218
Rental		762,369
Training and seminars		583,869
Miscellaneous		6,543,448
	P	**196,902,610**

Punongbayan & Araullo

An instinct for growth™

Report of Independent Auditors to Accompany SEC Schedules Filed Separately from the Basic Financial Statements

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The Board of Directors and the Stockholders
National Reinsurance Corporation of the Philippines
31st floor Ayala Life FGU Center
6811 Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of National Reinsurance Corporation of the Philippines for the year ended December 31, 2013, on which we have rendered our report dated March 20, 2014. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) are presented for purposes of additional analysis in compliance with the requirements of Securities Regulation Code Rule 68, and are not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information are the responsibility of management. The supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Romualdo V. Murcia III**
Partner

CPA Reg. No. 0095626
TIN 906-174-059
PTR No. 4225011, January 2, 2014, Makati City
SEC Group A Accreditation
Partner - No. 0628-AR-2 (until Sept. 5, 2016)
Firm - No. 0002-FR-3 (until Jan. 18, 2015)
BIR AN 08-002511-22-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2015)

March 20, 2014

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Index to Supplementary Schedules
December 31, 2013

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
SCHEDULE A. Financial Assets
December 31, 2013

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes (ii)	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting	Income received and accrued
AVAILABLE FOR SALE FINANCIAL ASSETS				
STOCKS:				
Banco de Oro	50,000	3,430,000.00	3,430,000.00	105,000.00
Bank of Phil Islands	375,939	31,954,815.00	31,954,815.00	554,228.10
Metropolitan Bank & Trust	631,573	47,715,340.15	47,715,340.15	322,180.00
RCBC	205,000	8,712,500.00	8,712,500.00	52,500.00
Aboitiz Power	525,500	17,867,000.00	17,867,000.00	1,030,302.00
First Gen Corporation	481,800	6,292,308.00	6,292,308.00	-
First Phil. Holdings Corp.	30,000	1,611,000.00	1,611,000.00	-
Meralco	210,750	52,898,250.00	52,898,250.00	867,505.00
Manila Water Corporation	949,000	20,878,000.00	20,878,000.00	677,171.40
Petron Corporation	974,400	13,602,624.00	13,602,624.00	32,500.00
PNOC-Energy Dev't.	2,525,400	13,460,382.00	13,460,382.00	516,064.00
Trans-Asia Oil and Energy Dev't. Corp.	2,000,000	2,800,000.00	2,800,000.00	
Jollibee Foods Corporation	116,780	20,214,618.00	20,214,618.00	511,947.30
Pepsi Cola(PIP)	1,350,000	6,075,000.00	6,075,000.00	94,500.00
San Miguel Corp.	-	-	-	362,900.00
San Miguel Purefoods	40,000	9,520,000.00	9,520,000.00	120,000.00
Universal Robina Corp.	440,240	49,791,144.00	49,791,144.00	682,896.00
EEI Corp	180,100	1,719,955.00	1,719,955.00	5,500.00
Aboitiz Equity Ventures	453,820	24,755,881.00	24,755,881.00	624,380.00
Alliance Global Group	1,190,000	30,702,000.00	30,702,000.00	561,336.00
Ayala Corporation	201,440	104,345,920.00	104,345,920.00	640,960.00
DMCI Holdins Inc.	132,258	7,406,448.00	7,406,448.00	656,569.20
JG Summit Holdings Inc.	843,600	32,520,780.00	32,520,780.00	219,690.00
Lopez Holdings Corp.	1,000,000	4,000,000.00	4,000,000.00	-
Metro Pac Inv. Corp.	8,890,200	38,405,664.00	38,405,664.00	166,464.50
SM Investment Corp	208,542	148,273,362.00	148,273,362.00	971,612.00
Ayala Land Inc.	3,457,624	85,576,194.00	85,576,194.00	741,799.99
Belle Corp.	884,000	4,349,280.00	4,349,280.00	-
Cebu Holdings, Inc.	-	-	-	967,909.30
Filinvest Land	-	-	-	25,008.00
Megaworld	5,443,000	17,635,320.00	17,635,320.00	108,996.02
Robinsons Land	1,214,200	24,235,432.00	24,235,432.00	413,928.00
SM Prime Holdings, Inc.	3,471,800	50,966,024.00	50,966,024.00	1,037,826.00
SM Development Corp.	-	-	-	31,800.00
Globe TeleCom	13,000	21,320,000.00	21,320,000.00	737,000.00
PLDT	50,560	134,792,960.00	134,792,960.00	5,731,835.00
Int'l Container Terminal Service(ICT)	377,700	38,525,400.00	38,525,400.00	220,850.00
Ipeople, Inc.	-	-	-	46,200.00
The Travelers Hotel & Groups Inc.	207,000	2,127,960.00	2,127,960.00	-
Robinsons Retail Hldgs	344,000	18,988,800.00	18,988,800.00	-
Semirara Mining Corp.	43,150	12,427,200.00	12,427,200.00	398,520.00
GMA Holdings Inc.	72,000	579,600.00	579,600.00	50,000.00
Ayala Corp. Pref "A"	-	-	-	2,237,760.00
Ayala Corp. Pref "B"	100,000	52,100,000.00	52,100,000.00	
First Gen - Pref	156,000	17,628,000.00	17,628,000.00	2,804,160.00
First Gen Corp. Pref. G	200,000	22,400,000.00	22,400,000.00	
First Phils. Holdings Preferred	-	-	-	474,274.95
Petron Perpetual Preferred Shares	450,000	49,050,000.00	49,050,000.00	4,764,000.00
Petron Preferred Shares	50,000	5,450,000.00	5,450,000.00	-
San Miguel Corp Series 2-A - Pref	134,000	10,204,100.00	10,204,100.00	942,187.50
San Miguel Corp Series 2-B - Pref	133,000	10,147,900.00	10,147,900.00	950,742.20
San Miguel Corp Series 2-C - Pref	133,000	10,307,500.00	10,307,500.00	997,500.00
San Miguel Purefoods - Pref	10,000	10,450,000.00	10,450,000.00	800,000.00
Asian Reinsurance Corp	980	4,444,846.52	4,444,846.52	-

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes (ii)	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting	Income received and accrued
Evercrest Golf Club-A	1	50,000.00	50,000.00	-
Makati Sports Club "A"	1	250,000.00	250,000.00	-
Calatagan Golf Club, Inc.	1	30,000.00	30,000.00	-
Benguet Consolidated	18	61.92	61.92	-
Heritage Park - Garden	4	880,000.00	880,000.00	-
Philippine Nuclear	100	10,000.00	10,000.00	-
Rancho Palos Verdes	2	1,000,000.00	1,000,000.00	-
Orchard Golf Club - C	1	200,000.00	200,000.00	-
Batangas Venture(BAC)	5,000,000	1,922,102.20	1,922,102.20	-
Phil. Hotel C (Hot)	750	96,971.77	96,971.77	7,500.00
Phil. Nuclear (PN)	200	20,000.00	20,000.00	-
Roxas	262,800	-	-	-
Roxas C	11,048,974	4,921,612.27	4,921,612.27	-
Roxas Pref. others C (RXC-1)	18,930,500	8,432,328.66	8,432,328.66	-
Seneca Holdings Inc. (SHI)	746,453	746,453.00	746,453.00	37,897.42
Shell Co. (SHEP)	660	1,905,974.40	1,905,974.40	-
				-
SUB-TOTAL FOR STOCKS		**1,323,125,011.89**	**1,323,125,011.89**	**34,303,899.88**
BONDS				
Fixed Rate Treasury Notes				
FXTN 5-72	150,000,000.00	144,429,908.85	144,429,908.85	1,376,721.46
FXTN 5-72	50,000,000.00	48,143,302.95	48,143,302.95	447,786.40
FXTN 7-51	50,000,000.00	53,713,867.75	53,713,867.75	2,180,377.23
FXTN 7-51	21,000,000.00	22,559,824.46	22,559,824.46	916,017.70
FXTN 7-56	50,000,000.00	51,692,421.95	51,692,421.95	846,151.35
FXTN 7-56	27,760,000.00	28,699,632.67	28,699,632.67	484,312.81
FXTN1053	50,000,000.00	55,106,589.90	55,106,589.90	2,983,906.00
FXTN1053	76,110,000.00	83,883,251.15	83,883,251.15	4,542,101.73
FXTN1053	76,110,000.00	83,883,251.15	83,883,251.15	4,542,101.73
RTB 10-3	150,000,000.00	160,160,074.50	160,160,074.50	9,814,930.55
FXTN 1055	20,000,000.00	21,363,091.38	21,363,091.38	1,088,272.28
FXTN1054	523,916,280.00	613,484,902.34	613,484,902.34	33,399,662.86
FXTN1054	178,500,000.00	209,016,324.12	209,016,324.12	11,379,375.00
FXTN1054	20,000,000.00	23,419,195.98	23,419,195.98	1,118,696.14
FXTN1057	25,000,000.00	24,998,931.58	24,998,931.58	1,187,500.00
FXTN1057	100,000,000.00	99,995,726.30	99,995,726.30	4,348,225.94
FXTN10-58	50,000,000.00	47,745,685.05	47,745,685.05	1,562,320.70
RTB 15-1	250,000,000.00	298,782,413.00	298,782,413.00	15,625,000.00
RTB 15-2	50,000,000.00	49,501,740.05	49,501,740.05	2,309,636.40
RTB 15-2	50,000,000.00	49,501,740.05	49,501,740.05	2,303,260.78
RTB 15-2	50,000,000.00	49,501,740.05	49,501,740.05	2,305,815.23
FXTN25-10	3,250,000.00	3,428,415.97	3,428,415.97	186,875.00
MATURED/SOLD				15,823,448.80
	2,021,646,280.00	**2,223,012,031.20**	**2,223,012,031.20**	**120,772,496.09**
ROP BONDS				
ROP10 yr GPN	10,000,000.00	10,462,942.64	10,462,942.64	390,088.33
SMIC 2014	27,132,000.00	27,164,313.02	27,164,313.02	1,568,253.60
RCBC 2015	76,874,000.00	78,197,775.58	78,197,775.58	4,603,913.43
RCBC 2017	8,785,600.00	9,253,035.10	9,253,035.10	457,716.00
PCORPM	10,163,250.00	10,929,286.09	10,929,286.09	739,998.75
PCORPM	10,163,250.00	10,929,286.09	10,929,286.09	739,998.75
SMIC 2019	8,376,000.00	8,656,288.60	8,656,288.60	363,603.22
SMC US$	20,355,667.64	18,398,499.50	18,398,499.50	726,905.09
FGEN CSUFN	21,654,500.00	21630950.42	21630950.42	324,777.38
TOTAL DOLLAR BONDS	**193,504,267.64**	**195,622,377.04**	**195,622,377.04**	**9,915,254.55**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes (ii)	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting	Income received and accrued
(BPI Managed)				
FXTN-748cr	185,703,199.00	199,814,870.52	199,814,870.52	12,999,223.94
RT BONDMC	20,000,000.00	23,566,105.36	23,566,105.36	1,450,000.00
FXTN1054MC	50,000,000.00	58,547,989.95	58,547,989.95	874,140.14
FXTN1054MC	25,000,000.00	29,273,994.98	29,273,994.98	1,135,665.23
FXTN1054MC	10,632,706.00	12,450,471.28	12,450,471.28	677,835.00
FXTN2002C	5,000,000.00	8,320,167.58	8,320,167.58	659,858.51
FXTN2002C	50,000,000.00	83,201,675.80	83,201,675.80	5,606,592.40
FXTN2011C	10,000,000.00	16,541,338.16	16,541,338.16	1,175,443.24
FXTN2012C	10,000,000.00	15,124,749.34	15,124,749.34	1,035,468.09
FXTN2017MC	25,000,000.00	33,577,172.53	33,577,172.53	1,196,607.53
FXTN2017	10,000,000.00	13,430,869.01	13,430,869.01	4,940,225.64
RTBOND	20,000,000.00	21,910,194.64	21,910,194.64	1,175,000.00
FXTN257MC	30,000,000.00	40,356,702.00	40,356,702.00	2,358,428.60
RTBONDMC	60,000,000.00	66,494,540.88	66,494,540.88	5,393,402.78
MATURED/SOLD				9,238,714.82
	511,335,905.00	**622,610,842.03**	**622,610,842.03**	**49,916,605.92**
(RCBC Managed)				
FXTN 10-42	20,000,000.00	22,925,376.84	22,925,376.84	242,760.76
FXTN 10-42	20,000,000.00	22,925,376.84	22,925,376.84	94,215.19
FXTN 7-51	6,000,000.00	6,445,664.13	6,445,664.13	35,092.62
FXTN 7-56	10,000,000.00	10,338,484.39	10,338,484.39	28,392.39
FXTN 7-56	11,000,000.00	11,372,332.83	11,372,332.83	20,661.68
FXTN1054	10,000,000.00	11,709,597.99	11,709,597.99	39,719.03
RTB 15-1	20,000,000.00	23,902,593.04	23,902,593.04	16,590.21
RTB 15-2	5,000,000.00	4,950,174.01	4,950,174.01	6,559.63
FXTN2017	20,000,000.00	26,861,738.02	26,861,738.02	329,652.86
FXTN2017	10,000,000.00	13,430,869.01	13,430,869.01	145,847.17
RTB 20-1	20,000,000.00	21,910,194.64	21,910,194.64	50,814.32
MATURED/SOLD				207,254.75
	152,000,000.00	**176,772,401.74**	**176,772,401.74**	**1,217,560.61**
Mandatory Reserves				
FXTN 1042	241,000,000.00	276,250,790.92	276,250,790.92	14,515,591.61
FXTN 7-51	9,000,000.00	9,668,496.20	9,668,496.20	392,579.02
MATURED				
	250,000,000.00	**285,919,287.12**	**285,919,287.12**	**14,908,170.63**
CORPORATE BONDS				
San Miguel Brewery	50,000,000.00	50,000,000.00	50,000,000.00	4,437,500.00
SMIC Series A	18,000,000.00	18,000,000.00	18,000,000.00	1,485,000.00
FLI Bond	10,000,000.00	10,195,723.91	10,195,723.91	638,157.80
JG Summit Holdings	25,000,000.00	25,000,000.00	25,000,000.00	2,062,500.00
JG Summit Holdings	25,000,000.00	25,000,000.00	25,000,000.00	2,062,500.00
JGS-BOND	13,000,000.00	13,000,000.00	13,000,000.00	536,250.00
FLI-BOND	10,000,000.00	10,000,000.00	10,000,000.00	423,075.00
Meg Bond	50,000,000.00	50,000,000.00	50,000,000.00	4,230,000.00
EDC Bond	50,000,000.00	50,000,000.00	50,000,000.00	4,320,900.00
EDC-BOND	13,000,000.00	13,000,000.00	13,000,000.00	561,717.00
SMIC Series B	12,000,000.00	12,000,000.00	12,000,000.00	1,092,000.00
SMIC Series B	10,000,000.00	10,000,000.00	10,000,000.00	910,000.00
FLI Bond	50,000,000.00	50,000,000.00	50,000,000.00	3,098,100.00
San Miguel Brewery	71,550,000.00	71,550,000.00	71,550,000.00	4,328,775.00
San Miguel Brewery	5,000,000.00	5,000,000.00	5,000,000.00	302,500.00
Globe Bond	50,000,000.00	50,000,000.00	50,000,000.00	2,875,000.00
GLOBE-BOND	23,000,000.00	23,000,000.00	23,000,000.00	661,250.00
ALI Bond	50,000,000.00	50,000,000.00	50,000,000.00	2,812,500.00
FLI Bond	20,000,000.00	20,000,000.00	20,000,000.00	1,254,620.00
SMIC	50,000,000.00	50,000,000.00	50,000,000.00	3,000,000.00
GTCAP	10,000,000.00	10,000,000.00	10,000,000.00	407,122.58
GTCAPBOND	18,000,000.00	18,000,000.00	18,000,000.00	435,332.40
EDC Bond	50,000,000.00	50,000,000.00	50,000,000.00	1,368,773.75
EDC-BOND	10,000,000.00	10,000,000.00	10,000,000.00	409,411.00
SMB-BOND	70,000,000.00	70,000,000.00	70,000,000.00	1,925,000.00
SMIC	80,000,000.00	88,311,381.81	88,311,381.81	1,371,792.60
FLI	50,000,000.00	50,000,000.00	50,000,000.00	350,725.56
Rockwell 2021	50,000,000.00	50,000,000.00	50,000,000.00	318,325.00
MATURED				2,872,847.24
	943,550,000.00	**952,057,105.72**	**952,057,105.72**	**50,551,674.93**

Name of Issuing entity and association of each issue (i)	Number of shares or principal amount of bonds and notes (ii)	Amount shown in the balance sheet (ii)	Valued based on market quotation at end of reporting	Income received and accrued
LONG-TERM NEGOTIABLE INSTRUMENT				
RCBC LTNCD	30,000,000.00	30,000,000.00	30,000,000.00	1,950,000.00
RCBC LTNCD	50,000,000.00	50,000,000.00	50,000,000.00	2,625,000.00
RCBC LTNCD	15,000,000.00	15,594,936.43	15,594,936.43	398,424.67
EWB LTNCD	50,000,000.00	50,000,000.00	50,000,000.00	2,506,944.45
MATURED				
	145,000,000.00	**145,594,936.43**	**145,594,936.43**	**7,480,369.12**
SUB-TOTAL FOR INVESTMENT IN BONDS	**4,217,036,452.64**	**4,601,588,981.28**	**4,601,588,981.28**	**254,762,131.85**
PREMIUM FIXED INCOME FUND	**466,982,056.87**	**466,982,056.87**	**466,982,056.87**	**-**
TOTAL AVAILABLE FOR SALE		**6,391,696,050.04**	**6,391,696,050.04**	**289,066,031.73**
LOANS AND RECEIVABLE				
TERM LOANS				
SMPH	99,000,000.00	99,000,000.00	99,000,000.00	5,821,120.78
SMART 2017	99,000,000.00	99,000,000.00	99,000,000.00	5,288,396.39
SMPH	49,500,000.00	49,500,000.00	49,500,000.00	2,135,135.69
MATURED/SOLD	-	-	-	14,247,989.09
SUB-TOTAL TERM LOAN	**247,500,000.00**	**247,500,000.00**	**247,500,000.00**	**27,492,641.95**
ACCRUED INTEREST RECEIVABLE		61,189,231.51	61,189,231.51	-
ACCOUNTS RECEIVABLE		3,854,605.36	3,854,605.36	-
MORTGAGE LOANS		-	-	98,500.00
TOTAL LOANS AND RECEIVABLE		**312,543,836.87**	**312,543,836.87**	**27,591,141.95**
GRAND TOTAL FOR FINANCIAL ASSETS		**6,704,239,886.91**	**6,704,239,886.91**	**316,657,173.68**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders' (Other than Related Parties)
December 31, 2013

				Deductions		Ending Balance		
Name of employee	Designation	Bal. at beg. of period	Additions	Amounts collected	Amounts Written off	Current	Non-Current	Balance at end of period
A. Emergency Loans								
1 Acuña, Marilou B.	Rank & File	3,501.82	-	3,501.82	-	-	-	-
2 Aguilar, Normando Antonio S.	Asst. Vice President	37,856.96	80,000.00	76,660.34	-	41,196.62	-	41,196.62
3 Albina, Ruby	Rank & File	14,411.84	20,000.00	21,632.75	-	12,779.09	-	12,779.09
4 Aldeano, Marissa	Vice President	-	80,000.00	80,000.00	-	-		-
5 Aman, Ma. Socorro J.	Rank & File	15,222.17	20,000.00	20,810.31	-	14,411.86	-	14,411.86
6 Andrade, Mary Elinor	Asst. Manager	8,754.42	50,000.00	58,754.42	-	-	-	-
7 Arcangel, Tristan Russell T.	Rank & File	14,209.66	20,000.00	18,987.50	-	15,222.16	-	15,222.16
8 Bariring, Juluis	Rank & File	9,464.29	20,000.00	19,165.10	-	10,299.19	-	10,299.19
9 Roanna Katrina C. Barit	Rank & File	-	20,000.00	13,917.33	-	6,082.67	-	6,082.67
10 Bautista, Jonathan B.	Rank & File	18,240.40	-	18,240.40	-	-	-	-
11 Bautista, Ronald	Rank & File	3,501.82	-	3,501.82		-		-
12 Bondame, Rey S.	Rank & File	7,341.93	-	7,341.93	-	-	-	-
13 Castillo, Jocelyn	Rank & File	15,677.00	20,000.00	27,051.81	-	8,625.19	-	8,625.19
14 Centeno, Fatima	Rank & File	15,222.17	20,000.00	35,222.17	-	-	-	-
15 Cirjuano, Jerome S	Rank & File	10,299.19	-	10,299.19	-	-	-	-
16 Collantes, Jereco L.	Rank & File	19,160.92	20,000.00	27,204.34	-	11,956.58	-	11,956.58
17 Yamat, Jennifer	Rank & File	5,226.68	20,000.00	21,117.68	-	4,109.00	-	4,109.00
18 De Asis, Jean	Rank & File	15,222.17	-	15,222.17	-	-	-	-
19 De Guzman, Mary Ann	Rank & File	5,226.68	20,000.00	14,096.73	-	11,129.95	-	11,129.95
20 De Leon II, Roberto S.	First Vice President	24,330.47	80,000.00	41,280.99	-	63,049.48	-	63,049.48
21 Deloy, Fatima Natividad	Rank & File	5,149.60	-	5,149.60	-	-	-	-
22 Evangelista, Melecio	Rank & File	19,130.99	-	19,130.99	-	-	-	-
23 Fandialan, Jocelyn SP	Manager	8,732.71	50,000.00	22,703.08	-	36,029.63	-	36,029.63
24 Guerra, Ronnierick	Sr. Manager	-	50,000.00	30,545.32	-	19,454.68	-	19,454.68
25 Ignaciao, Jose Alladin	Rank & File	8,944.97	20,000.00	9,792.51	-	19,152.46	-	19,152.46
26 Imperial, Leni D.	Rank & File	14,411.92	20,000.00	34,411.92	-	-	-	-
27 Lacson. Jeffrey	Asst. Vice President	-	80,000.00	3,145.65	-	76,854.35	-	76,854.35
28 Lacuna, Melinda C.	Rank & File	28,164.68	20,000.00	48,164.68	-	-	-	-
29 Lampa, Kathy	Rank & File	1,759.67	20,000.00	13,134.48	-	8,625.19	-	8,625.19
30 Magalona, Natalie S.	Asst. Manager	42,076.70	50,000.00	52,205.00	-	39,871.70	-	39,871.70
31 Magalona, Wilmar	Asst. Manager	17,335.92	50,000.00	50,000.00	-	17,335.92	-	17,335.92
32 Magdaleno, Mary Jane L.	Rank & File	15,790.34	20,000.00	35,790.34	-	-	-	-
33 Magtalas, Ivy I.	Manager	47,859.87	43,000.00	58,132.26	-	32,727.61	-	32,727.61
34 Malabanan, Daryl Casey	Rank & File	1,759.69	20,000.00	6,065.47	-	15,694.22	-	15,694.22
35 Manzano, Bethzayda	Rank & File	-	20,000.00	13,917.33	-	6,082.67	-	6,082.67
36 Mayonado, Aileen	Manager	19,357.89	10,000.00	29,357.89	-	-	-	-
37 Moscosa, R. Gaizel	Rank & File	11,130.09	20,000.00	31,130.09	-	-	-	-
38 Navarrete, Ma Doris	Rank & File	15,698.51	20,000.00	27,073.32	-	8,625.19	-	8,625.19
39 Paller, Roxane	Rank & File	6,934.41	-	6,934.41	-	-	-	-
40 Pangilinan, Rowena S.	Asst. Vice President	64,113.67	59,000.00	123,113.67	-	-	-	-
41 Reyes, Lylibeth	Rank & File	8,625.20	20,000.00	20,000.02	-	8,625.18	-	8,625.18
42 Sabiano, Henry	Rank & File	4,732.20	10,000.00	9,167.21	-	5,564.99	-	5,564.99
43 Salesa, Mario	Rank & File	15,216.43	20,000.00	18,385.75	-	16,830.68	-	16,830.68
44 Salesa, Marjorie	Rank & File	7,781.92	20,000.00	17,482.74	-	10,299.18	-	10,299.18
45 Samson, Jose	Manager	33,993.75	-	33,993.75	-	-	-	-
46 Sanoy, Vicente	Asst. Vice President	16,839.38	80,000.00	79,374.03	-	17,465.35	-	17,465.35
47 Santiago, Chona C.	Manager	47,953.94	15,000.00	62,953.94	-	-	-	-
48 Toledo, Warlito	Rank & File	14,411.91	20,000.00	25,786.77	-	8,625.14	-	8,625.14
49 Umayam, Margarita	Rank & File	6,934.42	-	6,934.42	-	-	-	-
50 Velasquez, Florlene	Rank & File	16,830.70	20,000.00	20,882.01	-	15,948.69	-	15,948.69
51 Velasquez, Rolly M.	Asst. Manager	-	50,000.00	9,928.81	-	40,071.19	-	40,071.19
52 Villaneuva, Christopher C.	Rank & File	16,049.14	20,000.00	36,049.14	-	-	-	-
53 Yaba, Manuel N.	Rank & File	16,028.44	20,000.00	36,028.44	-	-	-	-
54 Yap, Michelle Ann A.	Rank & File	7,059.55	-	7,059.55	-	-	-	-
		783,679.20	1,357,000.00	1,537,933.39	-	602,745.81	-	602,745.81

Name of employee	Designation	Bal. at beg. of period	Additions	Amounts collected	Amounts Written off	Current	Non-Current	Balance at end of period
B. Emergency/Calamity Loan								
1 Albina, Ruby	Rank & File	3,815.78	-	3,421.08	-	394.70	-	394.70
2 Bariring, Juluis	Rank & File	12,973.67	-	12,578.97	-	394.70	-	394.70
3 Bantad, Benedict C.	Rank & File	3,815.78	-	2,473.73	-	1,342.05	-	1,342.05
4 Bondame, Rey S.	Rank & File	11,447.34	-	11,447.34	-	-	-	-
5 Canlas, Arlene	Rank & File	31,900.00	-	31,900.00	-	-	-	-
6 Cirujano, Joseph Jerome	Rank & File	19,078.99	-	19,078.99	-	-	-	-
7 De Asis, Jean	Rank & File	22,894.77	-	22,894.77	-	-	-	-
8 Fandialan, Jocelyn SP	Manager	11,447.34	-	10,263.24	-	1,184.10	-	1,184.10
9 Ignacio, Jose Aladin	Rank & File	38,157.93	-	34,210.54	-	3,947.39	-	3,947.39
10 Joson, Wilflor	Rank & File	45,789.45	-	41,052.70	-	4,736.75	-	4,736.75
11 Paller, Roxanne	Rank & File	22,894.78	-	22,894.78	-	-	-	-
12 Reyes, Lylibeth	Rank & File	-	10,000.00	2,105.28	-	7,894.72	-	7,894.72
		224,215.83	10,000.00	214,321.42	-	19,894.41	-	19,894.41
C. Car Facility Loan								
1 Aguilar, Normando Antonio S.	Asst. Vice President	493,950.94	-	110,452.16	-	-	383,498.78	383,498.78
2 Aldeano, Marissa P.	Vice President	352,457.30	-	352,457.30	-	-	-	-
3 Aquino, Glenn Joseph B	Asst. Vice President	340,764.82	-	340,764.82	-	-	-	-
4 Barit, Josephine	Manager	191,930.76	-	191,930.76	-	-	-	-
5 Basco, Amerfil V.	Vice President	319,160.89	-	84,579.25	-	-	234,581.64	234,581.64
6 Cipriano, Augusto C.	First Vice President	353,838.22	-	353,838.22	-	-	-	-
7 De Guzman, Rene	Vice President	103,891.26	-	82,274.52	-	-	21,616.74	21,616.74
8 De Leon II, Roberto S.	First Vice President	312,367.75	-	85,144.06	-	-	227,223.69	227,223.69
9 Dela Paz, Marilyn	Manager	63,575.26	-	63,575.26	-	-	-	-
10 Engracia, Rosario V.	Asst. Vice President	32,423.77	600,000.00	103,572.15	-	-	528,851.62	528,851.62
11 Fandialan, Jocelyn	Manager	47,865.74	420,000.00	68,033.12	-	-	399,832.62	399,832.62
12 Fong, Allan	Sr. Manager	436,765.07	-	84,902.68	-	-	351,862.39	351,862.39
13 Geronimo, Editha B.	Asst. Vice President	467,159.57	-	112,679.73	-	-	354,479.84	354,479.84
14 Guerra, Ronnierick	Sr. Manager	43,218.48	480,000.00	100,137.18	-	-	423,081.30	423,081.30
15 Kabigting, Francisco B.	Asst. Vice President	223,476.48	-	102,636.19	-	-	120,840.29	120,840.29
16 Lacson, Jeffrey	Asst. Vice President	266,915.38	-	83,266.39	-	-	183,648.99	183,648.99
17 Lucos, Honarata S.	Asst. Vice President	467,159.57	-	112,679.73	-	-	354,479.84	354,479.84
18 Magtalas, Ivy	Manager	70,406.89	-	70,406.89	-	-	-	-
19 Martinez, Ariel D.	Asst. Vice President	234,032.07	600,000.00	309,492.32	-	-	524,539.75	524,539.75
20 Mayonado, Aileen Driz	Manager	294,910.61	-	294,910.61	-	-	-	-
21 Pangilinan, Rowena S.	Asst. Vice President	493,950.93	-	493,950.93	-	-	-	-
22 Papa, Regina	Sr. Asst. Vice President	333,721.30	-	93,621.52	-	-	240,099.77	240,099.77
23 Ramos, Regina S.	Vice President	319,160.89	-	84,579.25	-	-	234,581.64	234,581.64
24 Reyes, Angelita U.	Manager	336,436.56	-	78,092.26	-	-	258,344.30	258,344.30
25 Salonga, Daisy Cua	Asst. Vice President	480,622.61	-	111,560.39	-	-	369,062.22	369,062.22
26 Samson, Jose	Manager	49,774.83	-	49,774.83	-	-	-	-
27 Sanoy, Jr., Vicente R.	Asst. Vice President	471,662.43	-	112,305.38	-	-	359,357.05	359,357.05
28 Santiago, Chona	Manager	227,222.05	-	227,222.05	-	-	-	-
29 Villarama, Jr., Vicente B.	Vice President	345,886.48	-	82,357.43	-	-	263,529.05	263,529.05
30 Villasenor, Edgar B.	First Vice President	76,612.02	-	76,612.02	-	-	-	-
		8,251,320.93	2,100,000.00	4,517,809.41	-	-	5,833,511.52	5,833,511.52

Name of employee	Designation	Bal. at beg. of period	Additions	Amounts collected	Amounts Written off	Current	Non-Current	Balance at end of period
D. Receivables on Insurance coverage of Co. Car (Officers share)								
1 Aguilar, Normando Antonio S.	Asst. Vice President	18,411.16	-	18,411.16	-	-	-	-
2 Aldeano, Marissa P.	Vice President	11,819.96	13,055.87	24,875.83	-	-	-	-
3 Aquino, Glenn Joseph B	Asst. Vice President	3,891.85	12,496.47	16,388.32	-	-	-	-
4 Barit, Josephine	Manager	3,965.48	9,139.58	13,105.06	-	-	-	-
5 Basco, Amerfil V.	Vice President	6,397.00	10,462.48	13,720.68	-	3,138.80	-	3,138.80
6 Cipriano, Augusto C.	First Vice President	9,629.15	-	9,629.15	-	-	-	-
7 De Guzman, Rene	Vice President	5,403.60	8,798.05	9,069.62	-	5,132.03	-	5,132.03
8 De Leon II, Roberto S.	First Vice President	5,052.62	13,972.53	14,367.66	-	4,657.49	-	4,657.49
9 Dela Paz, Marilyn	Manager	2,985.91	7,038.93	10,024.84	-	-	-	-
10 Engracia Rosario	Asst. Vice President	6,068.82	20,339.84	20,476.15	-	5,932.51	-	5,932.51
11 Fandialan Jocelyn	Manager	1,309.85	11,317.12	4,610.71	-	8,016.26	-	8,016.26
12 Fong, Allan	Sr. Manager	10,913.26	19,047.47	21,230.58	-	8,730.15	-	8,730.15
13 Geronimo, Editha B.	Asst. Vice President	11,430.52	16,369.97	16,940.90	-	10,859.59	-	10,859.59
14 Guerra, Ronnierick	Sr. Manager	5,006.29	12,974.95	14,196.83	-	3,784.41	-	3,784.41
15 Kabigting, Francisco	Asst. Vice President	4,023.04	9,241.22	9,413.74	-	3,850.52	-	3,850.52
16 Lacson, Jeffrey	Asst. Vice President	5,107.19	11,285.60	11,690.41	-	4,702.38	-	4,702.38
17 Lucos, Honarata S.	Asst. Vice President	11,430.52	15,331.06	15,901.99	-	10,859.59	-	10,859.59
18 Magtalas, Ivy	Manager	3,982.75	5,972.47	9,955.22	-	-	-	-
19 Martinez, Ariel	Asst. Vice President	6,886.09	14,069.47	17,601.00	-	3,354.56	-	3,354.56
20 Mayonado, Aileen Driz	Manager	3,641.12	11,221.19	14,862.31	-	-	-	-
21 Pangilinan, Rowena S.	Asst. Vice President	16,339.79	-	16,339.79	-	-	-	-
22 Papa, Regina	Sr. Asst. Vice President	3,579.16	13,651.14	13,817.56	-	3,412.74	-	3,412.74
23 Ramos, Regina S.	Vice President	6,074.91	13,902.72	14,184.83	-	5,792.80	-	5,792.80
24 Reyes, Angelita U.	Manager	15,836.68	14,705.46	18,777.68	-	11,764.46	-	11,764.46
25 Salonga, Daisy Cua	Asst. Vice President	14,453.40	15,115.46	15,713.08	-	13,855.78	-	13,855.78
26 Samson Jose	Manager	4,230.76	-	4,230.76	-	-	-	-
27 Sanoy, Vicente	Asst. Vice President	3,559.63	9,144.61	9,684.80	-	3,019.44	-	3,019.44
28 Santiago, Chona	Manager	8,090.15	-	8,090.15	-	-	-	-
29 Villarama, Jr., Vicente B.	Vice President	7,706.07	6,148.55	10,048.56	-	3,806.06	-	3,806.06
30 Villasenor, Edgar B.	First Vice President	4,688.84	-	4,688.84	-	-	-	-
		221,915.57	294,802.21	402,048.21	-	114,669.57	-	114,669.57
E. Housing Loan								
1 Aldeano, Marissa P.	Vice President	200,634.82	-	200,634.82	-	-	-	-
2 De Leon II, Roberto S.	First Vice President	986,861.43	-	109,665.23	-	-	877,196.20	877,196.20
3 Kabigting, Francisco B.	Asst. Vice President	235,529.81	-	179,955.47	-	-	55,574.34	55,574.34
4 Villanueva, Cristopher C.	Rank & File	261,871.91	-	261,871.91	-	-	-	-
		1,684,897.97	-	752,127.43	-	-	932,770.54	932,770.54
GRAND TOTAL		**11,166,029.50**	**3,761,802.21**	**7,424,239.86**	**-**	**737,309.79**	**6,766,282.06**	**7,503,591.85**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule C - Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2013

				Deductions		Ending Balance		
Name of employee	Designation	Bal. at beg. of period	Additions	Amounts collected	Amounts Written off	Current	Non-Current	Balance at end of period

NA

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule D - Intangible Assets/Other Assets
December 31, 2013

	Description (i)	Beginning Balance	Additions at cost (ii)	Deduction: Charged to cost & exp.	Deduction: Charged to other accts.	Deduction: Other charges add'l.(deductions) (iii)	Ending Balance
A.	**Intangible Assets**						
	SAP Software Licences & Professinal fees	60,192,818.59	2,401,348.45	21,586,025.94	-	-	41,008,141.10
	Sub-Total	**60,192,818.59**	**2,401,348.45**	**21,586,025.94**	**-**	**-**	**41,008,141.10**
B	**Other Assets**						
1	Deferred Withholding VAT (GSIS)	9,200,181.00	-	-	-	-	9,200,181.00
2	Investment properties	2,844,909.10	-	5,000.00	-	-	2,839,909.10
3	Input VAT	52,472,376.35	41,355,937.00	4,948,587.00	-	20,362,478.00	68,517,248.35
4	Creditable Expanded withholding Tax	100,421,698.06	25,709,628.44	-	-	-	126,131,326.50
5	Prepayments	4,490,270.94	4,729,864.17	4,490,270.94	-	-	4,729,864.17
6	Deposit	284,616.17	334,768.97	-	-	-	619,385.14
7	Security Fund	192,888.00	-	-	-	-	192,888.00
8	Deferred expanded withholding tax	3,182,318.37	15,755,282.65	-	16,338,627.92	-	2,598,973.10
9	Deferred Input Vat	68,437,057.85	46,231,250.01	-	40,545,249.51	-	74,123,058.35
	Sub-Total	**241,526,315.84**	**134,116,731.24**	**9,443,857.94**	**56,883,877.43**	**20,362,478.00**	**288,952,833.71**
	GRAND TOTAL	**301,719,134.43**	**136,518,079.69**	**31,029,883.88**	**56,883,877.43**	**20,362,478.00**	**329,960,974.81**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule E - Long-term Debt
December 31, 2013

Title of Issue and type of obligation (i)	Amount Authorized by Indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet (iii)

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NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule F - Indebtedness to Related Parties (Long-Term Loans from Related
December 31, 2013

Name of related party (i)	Balance at beginning of period	Balance at end of period (ii)

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NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule G - Guarantees of Securities of Other Issuers
December 31, 2013

Name of issuing entity of securities guaranteed by the company for which this statement is file	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is file	Nature of guarantee (ii)

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NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
Schedule H- Capital Stock
December 31, 2013

	Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
					Related parties	Directors, officers and employees	Others
1	REGINA CAPITAL DEV. CORP. 018400	Common	6,000	NIL	-	-	6,000
2	REGINA CAPITAL DEV. CORP.018414	Common	3,000	NIL	-	-	3,000
3	ALEGAR CORPORATION	Common	32,600	NIL	-	-	32,600
4	ALPHA INSURANCE & SURETY CO., INC.	Common	1,578,900	NIL	-	-	1,578,900
5	ANSALDO GODINEZ & CO. INC.	Common	2,451,000	NIL	-	-	2,451,000
6	AP MADRIGAL STEAMSHIP CO. INC.	Common	3,300	NIL	-	-	3,300
7	ARAVAL, INC	Common	77,100	NIL	-	-	77,100
8	ASIA UNITED INSURANCE, INC	Common	1,252,300	NIL	-	-	1,252,300
9	B.F. GENERAL INSURANCE CO., INC.	Common	36,900	NIL	-	-	36,900
10	BANCOM DEVELOPMENT CORP.	Common	8,300	NIL	-	-	8,300
11	BANK OF THE PHILIPPINE ISLANDS	Common	290,795,500	NIL	290,795,500	-	-
12	BENEFICIAL LIFE INSURANCE COMPANY INC.	Common	3,193,500	NIL	-	-	3,193,500
13	BF LIFE INSURANCE CORP.	Common	397,300	NIL	-	-	397,300
14	BPI/MS INSURANCE CORP.	Common	3,347,500	NIL	3,347,500	-	-
15	CENTENNIAL GUARANTEE ASSURANCE CORP.	Common	265,200	NIL	-	-	265,200
16	CONSOLIDATED INSURANCE CO., INC.	Common	144,600	NIL	-	-	144,600
17	COOPERATIVE INSURANCE SYSTEM OF THE PHILS.	Common	72,900	NIL	-	-	72,900
18	COUNTRY BANKERS INS. CORP.	Common	2,220,300	NIL	-	-	2,220,300
19	COUNTRY BANKERS LIFE INSURANCE CORP.	Common	30,000	NIL	-	-	30,000
20	EASTERN ASSURANCE & SURETY CORP.	Common	1,872,400	NIL	-	-	1,872,400
21	EMPIRE INSURANCE COMPANY	Common	7,498,900	NIL	-	-	7,498,900
22	EMPIRE INSURANCE COMPANY	Common	500,000	NIL	-	-	500,000
23	FEDERAL PHOENIX ASSURANCE COMPANY	Common	3,786,300	NIL	-	-	3,786,300
24	FGU INSURANCE CORPORATION	Common	36,126,000	NIL	36,126,000	-	-
25	FIDELITY INSURANCE COMPANY INC.	Common	818,800	NIL	-	-	818,800
26	FIRST INTEGRATED BONDING & INS. CO INC.	Common	275,300	NIL	-	-	275,300
27	FIRST NATIONWIDE ASSURANCE CORP.	Common	13,157,000	NIL	13,157,000	-	-
28	GENERAL INSURANCE & SURETY CORP.	Common	313,300	NIL	-	-	313,300
29	GREAT DOMESTIC INS. CO. OF THE PHILS.	Common	544,700	NIL	-	-	544,700
30	HYDEE MANAGEMENT & RESOURCE CORP.	Common	264,000	NIL	-	-	264,000
31	INSURANCE CO. OF NORTH AMERICA	Common	705,600	NIL	-	-	705,600
32	INSURANCE OF THE PHIL. ISLANDS CO., INC.	Common	59,100	NIL	-	-	59,100
33	INVESTOR'S ASSURANCE CORP.	Common	99,000	NIL	-	-	99,000
34	LUZON INSURANCE & SURETY CO., INC.	Common	32,300	NIL	-	-	32,300
35	M.J. SORIANO TRADING, INC.	Common	1,000	NIL	-	-	1,000
36	MAA GENERAL ASSURANCE PHILS., INC.	Common	271,800	NIL	-	-	271,800
37	MABASA & COMPANY, INC.	Common	36,500	NIL	-	-	36,500
38	MALAYAN INSURANCE CO., INC.	Common	35,610,100	NIL	35,610,100	-	-
39	MANILA INSURANCE COMPANY INC.	Common	1,148,400	NIL	-	-	1,148,400
40	MANILA SURETY & FIDELITY CO., INC.	Common	3,168,400	NIL	-	-	3,168,400
41	MERCANTILE INSURANCE CO., INC.	Common	2,997,700	NIL	-	-	2,997,700
42	MONARCH INSURANCE CO., INC.	Common	1,674,000	NIL	-	-	1,674,000
43	NEW INDIA ASSURANCE CO., LTD.	Common	4,168,300	NIL	-	-	4,168,300
44	ORIENTAL ASSURANCE CORPORATION	Common	3,560,800	NIL	-	-	3,560,800
45	PACIFIC UNION INSURANCE CO.	Common	1,351,600	NIL	-	-	1,351,600
46	PARAMOUNT LIFE & GENERAL INS. CORP.	Common	940,900	NIL	-	-	940,900
47	PCD NOMINEE CORP. (F)	Common	1,568,391,733	NIL	820,183,300	1,927,000	746,281,433
48	PCD NOMINEE CORP. (NF)	Common	34,628,100	NIL	-	-	34,628,100
49	PEOPLE'S TRANS-EAST ASIA INS. CORP.	Common	2,435,300	NIL	-	-	2,435,300
50	PHIL. INT'L LIFE INSURANCE CO., INC.	Common	4,450,200	NIL	-	-	4,450,200
51	PHIL. PHOENIX SURETY & INS. INC.	Common	134,900	NIL	-	-	134,900
52	PHIL. PRUDENTIAL LIFE INS. CO., INC.	Common	1,771,900	NIL	-	-	1,771,900
53	PHILIPPINE AMERICAN LIFE INSURANCE CO.	Common	8,628,600	NIL	-	-	8,628,600
54	PHILIPPINE CHARTER INSURANCE CORP.	Common	15,305,900	NIL	-	-	15,305,900
55	PHILIPPINE GENERAL INSURANCE CORP.	Common	750,000	NIL	-	-	750,000

	Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
					Related parties	Directors, officers and employees	Others
56	PHILIPPINE REMNANTS CO., INC.	Common	399,300	NIL	-	-	399,300
57	PHILIPPINES FIRST INSURANCE CO., INC.	Common	11,075,200	NIL	-	-	11,075,200
58	PLARIDEL SURETY & INSURANCE CO. INC.	Common	162,500	NIL	-	-	162,500
59	PNB GENERAL INSURERS CO., INC.	Common	1,000	NIL	-	-	1,000
60	PREMIER INSURANCE & SURETY CORP.	Common	2,456,100	NIL	-	-	2,456,100
61	REPUBLIC SURETY & INSURANCE COMPANY	Common	542,300	NIL	-	-	542,300
62	RITA LEGARDA., INC.	Common	13,700	NIL	-	-	13,700
63	RIVARA, INC.	Common	8,700	NIL	-	-	8,700
64	SM SAVINGS & LOAN ASSOCIATION	Common	70,000	NIL	-	-	70,000
65	SOUTH SEA SURETY & INS. CO., INC.	Common	4,152,700	NIL	-	-	4,152,700
66	STERLING INSURANCE CO., INC.	Common	2,453,900	NIL	-	-	2,453,900
67	STERLING INSURANCE COMPANY, INC.	Common	300,000	NIL	-	-	300,000
68	STRONGHOLD INSURANCE CO., INC.	Common	2,817,600	NIL	-	-	2,817,600
69	SUN LIFE ASSURANCE CO. OF CANADA	Common	305,700	NIL	-	-	305,700
70	SUSANA REALTY	Common	600	NIL	-	-	600
71	TABACALERA INSURANCE CO. INC.	Common	1,278,700	NIL	-	-	1,278,700
72	TIMES SURETY & INSURANCE CO., INC.	Common	7,500	NIL	-	-	7,500
73	TRAVELLER'S INSURANCE & SURETY CORP.	Common	696,100	NIL	-	-	696,100
74	UNION BANK OF THE PHILIS.	Common	5,000	NIL	-	-	5,000
75	UNION INSURANCE SOCIETY OF CANTON LTD.	Common	2,197,300	NIL	-	-	2,197,300
76	UNITED INSURANCE CO., INC	Common	2,006,600	NIL	-	-	2,006,600
77	UNITED LIFE ASSURANCE CORP.	Common	2,518,100	NIL	-	-	2,518,100
78	UTILITY ASSURANCE CORP.	Common	1,837,900	NIL	-	-	1,837,900
79	VISAYAN SURETY & INSURANCE CORP.	Common	3,545,500	NIL	-	-	3,545,500
80	VISAYAN SURETY & INSURANCE CORPORATION	Common	200,000	NIL	-	-	200,000
81	WORLDWIDE INSURANCE & SURETY COMPANY	Common	100	NIL	-	-	100
82	ZENITH INSURANCE CORPORATION	Common	805,800	NIL	-	-	805,800
83	ADELITA VERGEL DE DIOS	Common	171,500	NIL	-	-	171,500
84	AFRICA, ISABELO P.	Common	100	NIL	-	-	100
85	ALICIA S. CRUZ	Common	6,400	NIL	-	-	6,400
86	ALMEDA, VALERIANO &/OR TITA JANE	Common	40,000	NIL	-	-	40,000
87	ALVENDIA, JOSE P.	Common	100	NIL	-	-	100
88	ANDRES E. SIOCHI	Common	11,700	NIL	-	-	11,700
89	ANGELITA U. REYES	Common	2,800	NIL	-	2,800	-
90	ANSALDO, GODINEZ &CO INC.FAO: MARK V. PANGIL	Common	254,000	NIL	-	-	254,000
91	ANTONIO P. MADRIGAL	Common	4,200	NIL	-	-	4,200
92	ANTONIO ROXAS CHUA	Common	1,089,500	NIL	-	-	1,089,500
93	ANTONIO S. ROXAS-CHUA JR.	Common	24,900	NIL	-	-	24,900
94	ARAGON, BIENVENIDO M.	Common	200	NIL	-	-	200
95	AWAD, YVONNE	Common	48,200	NIL	-	-	48,200
96	AYUSTE JR., RAFAEL G.	Common	100,000	NIL	-	100,000	-
97	BANZON JR., JOSE G.	Common	54,000	NIL	-	-	54,000
98	BASCO, AMERFIL V.	Common	11,800	NIL	-	11,800	-
99	BELTRAN, AURELIO M.	Common	100	NIL	-	-	100
100	BERNARDO, ROMEO L.	Common	100	NIL	-	100	-
101	BETTY RC YAO	Common	13,400	NIL	-	-	13,400
102	BONIFACIO, VIVENCIO JOSE MA. F.	Common	462,000	NIL	-	-	462,000
103	BUENO, FRANCIS EDWIN I.	Common	100	NIL	-	-	100
104	CABANGON CHUA, ANTONIO L.	Common	100	NIL	-	-	100
105	CALLAR, CYRIL C. DEL CALLAR &/OR JOSEPHINE S	Common	1,896,000	NIL	-	-	1,896,000
106	CARREDO, RAMON M.	Common	200	NIL	-	-	200
107	CASTANEDA JR., CONSTANCIO T.	Common	100	NIL	-	-	100
108	CASTRO, WILLIAM Y.	Common	15,000	NIL	-	-	15,000
109	CHENG, BERCK Y.	Common	500,000	NIL	-	-	500,000
110	CHENG, GEMA O.	Common	100	NIL	-	-	100
111	CHUA, CARLOS T.	Common	10,000	NIL	-	-	10,000
112	CHUA, VICKY B.	Common	1,000	NIL	-	-	1,000
113	CONCEPCION S. ARANETA	Common	700	NIL	-	-	700
114	CONRADO BENITEZ	Common	7,400	NIL	-	-	7,400

	Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
					Related parties	Directors, officers and employees	Others
115	CONSUELO P. MADRIGAL	Common	1,200	NIL	-	-	1,200
116	CORPUS, SERGIO	Common	100	NIL	-	-	100
117	COTOCO, DOMINGO	Common	100	NIL	-	-	100
118	COTOCO, NAZARIO	Common	100	NIL	-	-	100
119	CRISOL, ROBERTO B.	Common	1,000	NIL	-	1,000	-
120	CRUZ JR., ROMAN A.	Common	100	NIL	-	-	100
121	CRUZ, EMILIO M. DELA	Common	1,000	NIL	-	-	1,000
122	CRUZ, MARY ANN PINEDA DELA	Common	3,000	NIL	-	-	3,000
123	CRUZ, NAPOLEON D. CRUZ SR. &/OR LUISA I.	Common	5,000	NIL	-	-	5,000
124	CRUZ, YOLANDA M. DELA CRUZ OR EMILIO M. DELA	Common	6,000	NIL	-	-	6,000
125	CUYEGKENG, ROSARIO W.	Common	100	NIL	-	-	100
126	DANILO J. CABERO	Common	7,200	NIL	-	-	7,200
127	DAVID C. COYUKIAT	Common	200	NIL	-	-	200
128	DAVID C. MERCADO	Common	27,300	NIL	-	-	27,300
129	DEE, HELEN Y.	Common	100	NIL	-	100	-
130	DESIDERIO JR., JOSE O.	Common	100	NIL	-	-	100
131	DESIDERIO, RODOLFO O.	Common	100	NIL	-	-	100
132	DINOY, MARILOU A.	Common	6,000	NIL	-	-	6,000
133	DIZON, VLADEMIR S.	Common	26,000	NIL	-	-	26,000
134	DOMINO, JUAN	Common	100	NIL	-	-	100
135	EDITHA B. GERONIMO	Common	15,000	NIL	-	15,000	-
136	EDUARDO ECHAUZ	Common	100	NIL	-	-	100
137	ENRIQUE M. REYES	Common	752,600	NIL	-	-	752,600
138	EUGENIA G. SILVA	Common	2,800	NIL	-	-	2,800
139	FERNANDEZ, JAIME C.	Common	100	NIL	-	-	100
140	FERNANDEZ, VICENTE T.	Common	100	NIL	-	-	100
141	FLORES, WALDO Q.	Common	25,000	NIL	-	-	25,000
142	FRANCISCO CORPUS	Common	100	NIL	-	-	100
143	FRANCISCO JOSE ELIZALDE YTURRALDE	Common	75,700	NIL	-	-	75,700
144	FRANCISCO M. BAYOT	Common	1,100	NIL	-	-	1,100
145	FRANCISCO, CLEOTILDE B.	Common	100	NIL	-	-	100
146	FRANCISCO, ROLANDO B.	Common	100	NIL	-	-	100
147	GABAT, MA. ANGELA C.	Common	2,000	NIL	-	-	2,000
148	GABAT, ROMAN O.	Common	2,000	NIL	-	-	2,000
149	GALLAGA, RAFAEL C.	Common	100	NIL	-	-	100
150	GALVEZ, ANTONIO R.	Common	6,000	NIL	-	-	6,000
151	GAPUZ, CO KIAN CHAY &/OR RITA	Common	2,000	NIL	-	-	2,000
152	GARCIA, WINSTON F.	Common	442,300	NIL	-	-	442,300
153	GERARDO A.S. MADRIGAL	Common	1,600	NIL	-	-	1,600
154	GILI JR., GUILLERMO F.	Common	38,000	NIL	-	-	38,000
155	GO, GEORGE L.	Common	1,000	NIL	-	-	1,000
156	GO, IRENE CHAN	Common	185,000	NIL	-	-	185,000
157	GOZO, DANILO A.	Common	1,000	NIL	-	-	1,000
158	HANS MENZI	Common	2,100	NIL	-	-	2,100
159	HARI, ABDON M.	Common	100	NIL	-	-	100
160	HONORATA S. LUCOS	Common	15,000	NIL	-	15,000	-
161	INDON, REYNALDO P.	Common	100	NIL	-	-	100
162	ISABELITA M. CABANGUNAY	Common	14,500	NIL	-	-	14,500
163	JACINTO JR., FERNANDO P.	Common	100	NIL	-	-	100
164	JACQUELINE M. HALILI CO	Common	293,800	NIL	-	-	293,800
165	JAYMERLI C. BAUTISTA	Common	298,100	NIL	-	-	298,100
166	JENNIFER C. MARTIN	Common	294,000	NIL	-	-	294,000
167	JOSE R. RODAS	Common	100	NIL	-	-	100
168	JUAN, FRISCO F. SAN	Common	100	NIL	-	-	100
169	JUNTEREAL JR., FILEMON A.	Common	100	NIL	-	-	100
170	KO PIO, RODERICK C.	Common	100	NIL	-	-	100
171	KO PIO, RUFFY C.	Common	100	NIL	-	-	100
172	KO PIO, RUFINO H.	Common	100	NIL	-	-	100
173	KOH, ANTONIO M.	Common	100	NIL	-	-	100

	Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
					Related parties	Directors, officers and employees	Others
174	LAO, EDMUND Y.	Common	6,000	NIL	-	-	6,000
175	LA'O, LUIS C.	Common	100	NIL	-	-	100
176	LEE, JOSE C.	Common	100	NIL	-	-	100
177	LEE, LEA B.	Common	250,000	NIL	-	-	250,000
178	LEON, BEATRIZ P. DE	Common	1,933	NIL	-	-	1,933
179	LEON, JAIME S. DE	Common	100	NIL	-	-	100
180	LICAROS JR., GREGORIO B.	Common	100	NIL	-	-	100
181	LICAROS, ABELARDO B.	Common	100	NIL	-	-	100
182	LILY VICTORIA G. GALO	Common	2,800	NIL	-	-	2,800
183	LIM, IAN VINCENT &/OR FLORA &/OR ERNESTO	Common	86,000	NIL	-	-	86,000
184	LIM, JAMES ORTEGA	Common	100	NIL	-	-	100
185	LIM, PEDRO C.	Common	3,000	NIL	-	-	3,000
186	LIM, ROQUE A.	Common	66,000	NIL	-	-	66,000
187	LIM, THOMAS Y.	Common	11,000	NIL	-	-	11,000
188	LIM, WILLIAM S.	Common	6,000	NIL	-	-	6,000
189	LIMCAOCO, JOSE TEODORO K.	Common	100	NIL	-	100	-
190	LO, JOSEPHINE NG	Common	71,000	NIL	-	-	71,000
191	LOCSIN, JULIAN J.	Common	100	NIL	-	-	100
192	LOURDES S. RODAS	Common	1,100	NIL	-	-	1,100
193	LUCINA OCAMPO LEGASPI	Common	3,800	NIL	-	-	3,800
194	LUCITA R.C. LIMPE	Common	13,400	NIL	-	-	13,400
195	LUZ NER CRUZ	Common	13,400	NIL	-	-	13,400
196	MA. LUISA MADRIGAL VASQUEZ	Common	400	NIL	-	-	400
197	MACARIA P. MADRIGAL	Common	2,300	NIL	-	-	2,300
198	MACROHON JR., IGNACIO	Common	100	NIL	-	-	100
199	MALLILLIN, MELECIO C.	Common	100	NIL	-	-	100
200	MALONG, ALEJANDRO V.	Common	100	NIL	-	-	100
201	MAMERTA ANDAYA	Common	2,100	NIL	-	-	2,100
202	MANANSALA, CONSUELO D.	Common	1,000	NIL	-	-	1,000
203	MANUEL A. TORRES JR.	Common	79,100	NIL	-	-	79,100
204	MANUEL B. ENRIQUEZ	Common	500	NIL	-	-	500
205	MANUEL DYTOC	Common	900	NIL	-	-	900
206	MANUEL U. CO	Common	100	NIL	-	-	100
207	MARIANO JR., JORGE T.	Common	100	NIL	-	-	100
208	MAURO PRIETO	Common	11,600	NIL	-	-	11,600
209	MENDIOLA, JORGE T.	Common	20,000	NIL	-	-	20,000
210	MERCADO JR., DANIEL M.	Common	100	NIL	-	-	100
211	MERCADO JR., DAVID P.	Common	100	NIL	-	-	100
212	MERCEDES U. GONZALES	Common	200	NIL	-	-	200
213	MORALES, RHODORA B.	Common	100	NIL	-	-	100
214	NAPA, ERMILANDO D.	Common	1,000	NIL	-	1,000	-
215	NATIVIDAD CANTAJAL	Common	4,800	NIL	-	-	4,800
216	NELIA M. MALUBAY	Common	54,000	NIL	-	-	54,000
217	NERA, MEDEL T.	Common	1,000	NIL	-	1,000	-
218	NORMANDO ANTONIO S. AGUILAR	Common	16,900	NIL	-	16,900	-
219	OLIVA, DULCE MARIA S.	Common	20,000	NIL	-	-	20,000
220	ONGKINGCO, FLORENCIO N.	Common	100	NIL	-	-	100
221	PA, ANA GO &/OR GO KIM	Common	7,500,000	NIL	-	-	7,500,000
222	PACITA P. MADRIGAL	Common	1,200	NIL	-	-	1,200
223	PACITA RODRIGUEZ	Common	13,400	NIL	-	-	13,400
224	PADIERNOS, GAY G.	Common	100	NIL	-	-	100
225	PAZ VDA. DE RODAS	Common	6,200	NIL	-	-	6,200
226	PEDRO P. BENEDICTO JR.	Common	15,800	NIL	-	-	15,800
227	PETER T. ROXAS-CHUA	Common	13,400	NIL	-	-	13,400
228	PRIETO JR., BENITO R.	Common	1,933	NIL	-	-	1,933
229	PRIETO, MARTIN L.	Common	967	NIL	-	-	967
230	PRIETO, MAURO R.	Common	1,934	NIL	-	-	1,934
231	PRIETO, MERCEDES R.	Common	1,933	NIL	-	-	1,933
232	PUYAT, ALFONSO G.	Common	100	NIL	-	-	100

	Name of Stockholders	Title of Issue	No. of shares issued & outstanding as shown under the related balance sheet caption	No. of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
					Related parties	Directors, officers and employees	Others
233	RAFAEL C. GALLAGA	Common	13,500	NIL	-	-	13,500
234	RAMAJO, HONORIO J.	Common	100	NIL	-	-	100
235	REMO JR., JOSE H.	Common	100	NIL	-	-	100
236	REYES, CARLOS, R.	Common	12,000	NIL	-	-	12,000
237	REYES, OSCAR C.	Common	200	NIL	-	-	200
238	ROMAN, VICTOR B.	Common	100	NIL	-	-	100
239	ROMEO ECHAUZ	Common	400	NIL	-	-	400
240	ROMUALDEZ, FERDINAND MARTIN G.	Common	3,000,000	NIL	-	-	3,000,000
241	ROSARIO M. LLORA	Common	7,100	NIL	-	-	7,100
242	ROSARIO RODAS	Common	900	NIL	-	-	900
243	SALCEDO JR., ALFONSO L.	Common	100	NIL	-	100	-
244	SALVADOR, BIENVENIDO C.	Common	100	NIL	-	-	100
245	SANTOS, BENILDA S.	Common	213,000	NIL	-	-	213,000
246	SAUCO, NORBERTO V.	Common	100	NIL	-	-	100
247	SEVERINO T. ROXAS-CHUA	Common	13,400	NIL	-	-	13,400
248	SUDHAKAR, RANIPETA RANI	Common	100	NIL	-	-	100
249	SUNGA, PETER EDWIN J. SUNGA &/OR ROSANNA MAR	Common	300,000	NIL	-	-	300,000
250	SUNGA, PROSPERO S. SUNGA &/OR CLARITA J.	Common	375,000	NIL	-	-	375,000
251	SUSANA B. ORTIGAS	Common	1,100	NIL	-	-	1,100
252	TAN KIM CHIONG DE ROXAS-CHUA	Common	92,300	NIL	-	-	92,300
253	TAN, LOZANO A.	Common	100,000	NIL	-	-	100,000
254	TANCO, EUSEBIO H.	Common	100	NIL	-	-	100
255	TEO, STEPHEN T. TEO &/OR TERESITA R.	Common	29,000	NIL	-	-	29,000
256	TEODORO, MONICA P.	Common	967	NIL	-	-	967
257	TIU, ALFONSO SY	Common	6,000	NIL	-	-	6,000
258	TRINIDAD, ARMANDO C.	Common	100	NIL	-	-	100
259	TURNER, PHILIP &/OR ELNORA	Common	1,000	NIL	-	-	1,000
260	UNSON JR., ALEJANDRO F.	Common	100	NIL	-	-	100
261	UNSON JR., EDMUNDO L.	Common	100	NIL	-	-	100
262	UNSON, MA. ANICIA F.	Common	100	NIL	-	-	100
263	UY JR., CARLOS F.	Common	100	NIL	-	-	100
264	UY, ALVIN CHRIS SY	Common	6,000	NIL	-	-	6,000
265	UY, FRANCISCO A.	Common	100,000	NIL	-	-	100,000
266	VALENCIA, JESUS SAN LUIS	Common	100	NIL	-	-	100
267	VERGARA, ROBERT G.	Common	1,000	NIL	-	1,000	-
268	VICENTE A.S. MADRIGAL	Common	1,600	NIL	-	-	1,600
269	VICENTE B. VILLARAMA JR.	Common	2,800	NIL	-	2,800	-
270	VICENTE M. BAYOT	Common	1,100	NIL	-	-	1,100
271	VICTORIANO G. BELIZARIO	Common	300	NIL	-	-	300
272	VILLAMAYOR, ANTONIO S.	Common	100	NIL	-	-	100
273	VILLANUEVA, NICERATA C.	Common	6,000	NIL	-	-	6,000
274	WONGAIHAM, ANTHONY T.	Common	200	NIL	-	-	200
275	WU, JOLI CO	Common	344,100	NIL	-	344,100	-
276	YAN, LUCIO W. YAN &/OR CLARA Y.	Common	50,000	NIL	-	-	50,000
277	YAO, BONIFACIO N.	Common	100	NIL	-	-	100
278	YAO, WILSON A.	Common	30,000	NIL	-	-	30,000
279	YU, GREGORIO T.	Common	1,000	NIL	-	1,000	-
280	YUCHENGCO, YVONNE S.	Common	100	NIL	-	100	-
281	YVONNE AWAD & ANITA AWAD DETERT & CHRISTINE	Common	48,300	NIL	-	-	48,300
	Total		**2,123,605,600**		**1,199,219,400**	**2,440,900**	**921,945,300**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

31st floor Ayala Life FGU Center, 6811 Ayala Avenue, Makati City

Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2013

Unappropriated Retained Earnings at Beginning of Year	P 237,889,026
Prior Years' Outstanding Reconciling Item, net of tax	
Unrealized foreign exchange gain	(9,935,838)
Effect of Prior Period Adjustments	
Effects of adoption of PAS 19	18,925,455
Unrealized foreign exchange gain	(16,867,546)
	2,057,909
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted	230,011,097
Net Profit Realized during the Year	
Net profit per audited financial statements	18,728,502
Other Transactions During the Year	
Dividends declared	42,472,112
Appropriation of retained earnings	1,872,850
	(44,344,962)
Unappropriated Retained Earnings Available for Dividend Declaration at End of Year	**P 204,394,637**

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES
DECEMBER 31, 2013 AND 2012
Schedule of Philippine Financial Reporting Standards and Interpretations
Adopted by the Securities and Exchange Commission and the
Financial Reporting Standards Council as of December 31, 2013

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		
Conceptual Framework Phase A: Objectives and Qualitative Characteristics		✓		
Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards (PFRS)				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters	✓		
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosure for First-time Adopters	✓		
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters	✓		
	Amendment to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
PFRS 4	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PFRS 7: Transition	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendment to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)*			✓
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments			✓
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures *(deferred application)*			✓
PFRS 10	Consolidated Financial Statements			✓
	Amendment to PFRS 10: Transition Guidance			✓
	Amendment to PFRS 10: Investment Entities			✓
PFRS 11	Joint Arrangements			✓
	Amendment to PFRS 11: Transition Guidance			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendment to PFRS 12: Transition Guidance			✓
	Amendment to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits, (Revised)	✓		
	Amendment to PAS 19: Defined Benefit Plans – Employee Contributions* (effective January 1, 2014)			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Revised)	Separate Financial Statements			✓
	Amendment to PAS 27: Investment Entities			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities* *(effective January 1, 2014)*			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures for Non-financial Assets* *(effective January 1, 2014)*			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting* *(effective January 1, 2014)*			✓
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
Philippine Interpretations - International Financial Reporting Interpretations Committee (IFRIC)				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**	✓		
	Amendments to Philippine Interpretations IFRIC - 14, Prepayments of a Minimum Funding Requirement and their Interaction			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners**	✓		
IFRIC 18	Transfers of Assets from Customers**	✓		
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments**	✓		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies*	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Philippine Interpretations - Standing Interpretations Committee (SIC)				
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders**	✓		
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures**	✓		
SIC-31	Revenue - Barter Transactions Involving Advertising Services**	✓		
SIC-32	Intangible Assets - Web Site Costs**	✓		

* These standards will be effective for periods subsequent to 2013 and are not early adopted by the Company.

** These standards have been adopted in the preparation of financial statements but the Company has no significant transactions covered in both years presented.