



Camille Joy D. Dumo <camille.dumo@lbp-insurance.com>

LIBI FS Audited CY 2023

4 messages

Gillian E. Lee <gelee@coa.gov.ph>

Thu, May 16, 2024 at 9:32 AM

To: "shirley.palapal@lbp-insurance.com" <shirley.palapal@lbp-insurance.com>

Cc: "Camille Joy D. Dumo" <camille.dumo@lbp-insurance.com>

Ma'am Shirley,

Attached po audited FS and Notes to FS of LIBI for CY 2023.

Thank you.

GILLIAN E. LEE

State Auditor III

Commission on Audit

Corporate Government Audit Sector

Cluster 1 – Banking and Credit

COA-Landbank of the Philippines

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2 attachments**09-LIBI2023_Notes to FS_Final.docx**
189K**08-LIBI2023_Part1-FS_Final.xlsx**
126K**Shirley Palapal** <shirley.palapal@lbp-insurance.com>

Thu, May 16, 2024 at 10:48 AM

To: "Gillian E. Lee" <gelee@coa.gov.ph>

Cc: "Camille Joy D. Dumo" <camille.dumo@lbp-insurance.com>

Hi Gillian,

This is to acknowledge receipt of your email and attachments.

Thank you.

[Quoted text hidden]

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SHIRLEY A. PALAPAL
Accounting Head

LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(In Philippine Peso)

		Retained Earnings		Accumulated Other Comprehensive Income	TOTAL
	Share Capital (Note 19)	Appropriated (Note 20b)	Unappropriated (Note 20a and c)		
BALANCE AT JANUARY 1, 2022	300,000,000	522,207,008	489,837,682	0	1,312,044,690
CHANGES IN EQUITY FOR 2022					
Add/(Deduct):					
Declaration of Cash Dividend			(96,474,244)		(96,474,244)
Appropriations		103,363,438	(103,363,438)		0
Reversal of Appropriations		(10,000,000)	10,000,000		0
Other adjustments			(340,379)		(340,379)
Net Income for the year			251,245,354		251,245,354
Remeasurement gain on retirement benefit obligation (Note 26.2)				2,801,169	2,801,169
BALANCE AT DECEMBER 31, 2022	300,000,000	615,570,446	550,904,975	2,801,169	1,469,276,590
BALANCE AT JANUARY 1, 2023	300,000,000	615,570,446	550,904,975	2,801,169	1,469,276,590
CHANGES IN EQUITY FOR 2023					
Add/(Deduct):					
Declaration of Cash Dividend			(151,604,034)		(151,604,034)
Fees and commission refund adjustments			(85,128,094)		(85,128,094)
Other adjustments			1,972,297		1,972,297
Recovery of incidental charges related to fees and commission refunds			51,053,286		51,053,286
Net Income for the year			186,026,089		186,026,089
BALANCE AT DECEMBER 31, 2023	300,000,000	615,570,446	553,224,519	2,801,169	1,471,596,134

The Notes on pages 9 to 58 form part of these financial statements.



LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Inflows			
Receipt of Advance Payment of Premium		1,473,792,371	1,408,313,161
Collection of Income/Revenue		27,598,323	12,042,144
Collection of Receivables		356,822,867	255,984,008
Total Cash Inflows		1,858,213,561	1,676,339,313
Cash Outflows			
Payment of Premiums to Insurance Companies		(1,004,214,773)	(1,314,066,583)
Payment of Expenses		(111,529,964)	(86,397,720)
Purchase of Inventories	7	(559,897)	(602,670)
Grant of Cash Advances		(55,000)	0
Prepayments		(10,307,431)	(8,889,777)
Payments of Accounts Payable		(10,348,685)	(21,391,422)
Remittance of Personnel Benefit and Mandatory Deduction		(5,188,985)	(4,062,328)
Payment of Income Taxes		(86,300,427)	(73,297,376)
Total Cash Outflows		(1,228,505,162)	(1,508,707,876)
Net Cash Provided by Operating Activities		629,708,399	167,631,437
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Inflows			
Proceeds of Matured Investments		6,535,216,000	5,534,682,988
Receipt of Interest Earned from Investments		61,295,504	42,687,306
Total Cash Inflows		6,596,511,504	5,577,370,294
Cash Outflows			
Purchase of Property, Plant, Equipment	11	(534,821)	(1,601,817)
Construction in Progress - Building/Office renovation	11	(2,631,222)	0
Purchase of Intangible Assets	12	0	(4,506,824)
Placement of Investments		(6,848,077,809)	(5,706,953,659)
Total Cash Outflows		(6,851,243,852)	(5,713,062,300)
Net Cash Used in Investing Activities		(254,732,348)	(135,692,006)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Outflows			
Payment of Cash Dividends	20a	(151,604,034)	(96,474,244)
Cash Used in Financing Activities		(151,604,034)	(96,474,244)
Net Increase/(Decrease) in Cash and Cash Equivalents		223,372,017	(64,534,813)
CASH AND CASH EQUIVALENTS, JANUARY 1		235,637,099	300,171,912
CASH AND CASH EQUIVALENTS, DECEMBER 31	5	459,009,116	235,637,099

The Notes on pages 9 to 58 form part of these financial statements.



LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023 and 2022
(All amounts in Philippine Peso, unless otherwise stated)

1. CORPORATE INFORMATION

The LBP Insurance Brokerage, Inc. (LIBI or the "Corporation") was organized as a wholly-owned subsidiary of Land Bank of the Philippines (LBP) on October 22, 1981 under Securities and Exchange Commission (SEC) Registration No. 105764. On May 16, 1983, its Articles of Incorporation was amended increasing the number of directors of the Board from nine to 11. This was further amended on October 17, 1994 increasing the LIBI's authorized capital stock from P20,000,000 to P300,000,000 and revising its secondary purpose.

It was created primarily for the purpose of engaging in the business of general insurance brokerage management and consultancy more particularly as follows:

- To act as insurance broker for life, health, accident, motor car, casualty, surety and fidelity, marine cargo and hull, comprehensive liability insurance and other insurance coverage allied with and incident to the above-mentioned lines, and
- To engage in management and consultancy work on insurance and in this connection, to hold, own, purchase, acquire, underwrite, obtain participation in, and manage the business of any corporation, partnership or equity.

The LIBI's registered and principal office of business is located at the 12th Floor SSHG Law Centre Building, 105 Paseo de Roxas St., Legaspi Village, Makati City.

2. STATEMENT OF COMPLIANCE WITH PHILIPPINE FINANCIAL REPORTING STANDARDS/PHILIPPINE ACCOUNTING STANDARDS

The financial statements of the Corporation have been prepared in accordance with Philippine Financial Reporting Standards/Philippine Accounting Standards (PFRSs/PASs).

The financial statements of LIBI for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on February 12, 2024 in Board Resolution No. 2024-003-010 dated February 12, 2024 and was signed by the Chairman of the Board on February 12, 2024.

3. NEW OR REVISED STANDARDS

3.1 New standards and amendments issued and effective for annual periods beginning on or after January 1, 2023.

- PAS 1 (Amendments), Presentation of Financial Statements – Disclosure of Accounting Policies. The amendments require that an entity discloses its material

accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

- PAS 8 (Amendments), Accounting Estimates – Definition of Accounting Estimates. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.
- PAS 12 (Amendments), Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from Single Transaction. The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- PFRS 17 (Amendments), Insurance Contracts – requires liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. PFRS 17 supersedes PFRS 4 Insurance Contracts as of January 01, 2023.

LIBI adopted and applied these amendments in the preparation of these financial statements. The adoption of these amendments did not have material impact in the amounts and disclosures reported in these financial statements.

LIBI adopted PFRS 15, which establishes the principles that an entity shall apply when reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. With the application of PFRS 15, there was a material impact on LIBI's Financial Statements. The fees and commission income derived from the Credit Life Insurance (CLI) were amortized over the term of the loan thereby reducing the fees and commission recorded for CY2023 which affected the Net Income for the year. There was also a significant amount of Deferred Tax Asset recorded as a consequence of the recording of Unearned Fees and Commission Income.

3.2 New standards and amendments effective after the reporting period ended December 31, 2023.

- Amendments to PAS 1, Presentation of Financial Statements, Non-Current Liabilities with Covenants (effective January 1, 2024) – To clarify how conditions with which entity must comply within the twelve months after the reporting period affect the classification of a liability.
- Amendments to PFRS 16 Leases, Lease Liability in a Sale and Leaseback (Effective January 1, 2024) - The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains.

The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

- PAS 7 and PFRS 7, Supplier-Finance Arrangements (Effective January 1, 2025) - The amendments address disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The LIBI is currently assessing the impact of these new accounting standard and amendments.

4. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented unless otherwise stated.

4.1 Basis of Preparation of Financial Statements

The LIBI's financial statements have been prepared on historical cost except for investments in government securities which are stated at amortized cost using effective interest method. The financial statements are prepared on an accrual basis in accordance with PFRSs.

These financial statements are presented in Philippine peso, the LIBI's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

4.2 Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Corporation presents all items of income and expenses in a single-step statement of comprehensive income. The Corporation presents its statement of financial position broadly in order of liquidity. Analysis regarding recovery (asset) or settlement (liability) within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 32 of the financial statements.

Current versus Noncurrent Classification

The LIBI presents assets and liabilities in the statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period, or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when it is: (a) expected to be settled in the normal operating cycle; (b) held primarily for trading; (c) due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The LIBI classifies all other assets and liabilities as noncurrent. Deferred tax assets are classified as noncurrent.

4.3 Use of judgments and estimates

The preparation of financial statements in compliance with PFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the most appropriate application of the accounting policies. 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. Revisions are recognized in the period in which judgments and estimates are revised and in any future period affected. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in Notes 4.13 and 4.14.

4.4 Financial Instruments

LIBI recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Corporation becomes a party to the contractual provisions of the instrument.

a. Financial Assets

Under PFRS 9, the classification and measurement of financial assets is driven by the entity's contractual cash flow characteristics of the financial assets and business model for managing the financial assets. As part of its classification process, LIBI assesses the contractual terms of financial assets to identify whether they meet the "solely payments of principal and interest" (SPPI) test. The "Principal", for the purpose of this test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount).

In determining the business model at the level that best reflects how the Corporation manages groups of financial assets to achieve its business objective, the LIBI has adopted the Hold-to-Collect Business Model per Board Resolution No. 2019-012-041.

Initial recognition and measurement

Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit and loss (FVPL), includes transaction cost. The LIBI determines the classification of its financial assets at initial recognition.

Classification

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

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

The LIBI's financial assets at amortized cost include cash and cash equivalents and investments.

Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as investments when the LIBI has the positive intention and ability to hold it to maturity.

Investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

LIBI's existing policy is to invest excess funds in government securities (GS) because the servicing and repayments are fully guaranteed by the National Government. The Corporation's investments in financial instruments like GS - Fixed Treasury Notes and Retail Treasury Bonds are stated at amortized cost

Subsequent measurement and Gains and Losses

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Derecognition

The LIBI derecognizes instruments or, where applicable, a part of a financial asset or part of LIBI of similar financial assets when:

1. The contractual right to the cash flows from the financial asset expire; and
2. The LIBI has transferred its contractual rights to receive the cash flows of the financial asset, or retains the contractual rights to receive cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients and either the entity has:
 - Transferred substantially all the risks and rewards of ownership of the financial asset; or
 - Neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has transferred the control of the financial asset.

Impairment of financial assets

The LIBI records the allowance for expected credit losses (ECL) for financial assets not held at FVPL, all referred to as 'financial instruments'. Equity instruments are not subject to impairment under PFRS 9.

Under the expected loss methodology, impairment is more forward looking, in that a credit event (or impairment 'trigger') no longer has to occur before credit losses are recognized. ECL represents credit losses that reflect an unbiased and probability-weighted amount, which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either:

- i. 12-month ECL
- ii. Lifetime ECL for those financial instruments that have experienced a Significant Increase in Credit Risk (SICR) since initial recognition (General approach).

The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of financial instrument.

Staging assessment

For no-credit-impaired financial instruments:

- Stage 1 is comprised of all financial instruments which have not experienced a SICR since initial recognition or is considered of low credit risk as of the reporting date. The criteria for determining whether an account should be assessed under stage 1 are as follows:
 - Past due up to 30 days
 - No significant increase in Probability of Default (PD)

The LIBI recognizes a 12-month ECL for Stage 1 financial instruments.

- Stage 2 is comprised of all financial instruments which have experienced a SICR since its initial recognition. A SICR is generally deemed present in accounts with:
 - More than 30 days up to 90 days past due, or
 - With significant increase in PD.

The LIBI recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Stage 3 is comprised of financial assets that have objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or portfolio of loans. The LIBI recognizes a lifetime ECL for stage 3 financial instruments.

PFRS 9 Loss events:

- Significant financial difficulty of the issuer or borrower

- A breach of contract, such as default or past due event
- The Lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- The purchase or origination of a financial asset at deep discount that reflects the incurred credit losses

ECL parameters and methodologies

ECL is a function of the PD, Loss Given Default (LGD) and Exposure At Default (EAD), with the timing of loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experience credit judgement.

The PD is an estimate of the likelihood of default over 12-month horizon for Stage 1 or lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Forward Looking Information

The LIBI incorporated forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. A broad range of forward-looking information are considered as economic inputs, such as GDP growth, exchange rate, interest rate, inflation rate and other economic indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

b. Financial Liabilities

Initial recognition and measurement

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

The LIBI's financial liabilities include insurance/reinsurance premium payable, accounts payable, due to officers and employees, other financial liabilities - handling fee payable.

Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

4.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

4.6 Accounts Receivables

LIBI acts as an agent in placing the insurable risks of its clients with insurers and as such is not liable as principal for amounts arising from such transactions. However, Accounts Receivables (Premium Receivables) were recognized upon issuance of the Statement of Accounts. Accrual service fees from accredited insurers are based on premium production.

To fairly present the net realizable value of Accrued Service Fees Receivable and Other Receivables, allowances for impairment have been provided. The allowances were then determined based on the aging schedule multiplied by the rate or per cent of loss experienced by LIBI.

4.7 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory is received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as an expense when consumed in the ordinary course of operations of the LIBI.

4.8 Investment Property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment property is measured using the cost model and is depreciated over its estimated useful life and less any impairment in value.

Investment property is derecognized at disposal or when permanently withdrawn from



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Ave., Quezon City

ANNUAL AUDIT REPORT

on the

LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)

For the Years ended December 31, 2023 and 2022

use and no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in the use.

4.9 Property and Equipment

Recognition

An item is recognized as property and equipment (PE) if it meets the characteristics and recognition criteria as PE.

The characteristics of PE are as follows:

- a. Tangible items;
- b. Held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- c. Expected to be used during more than one reporting period.

An item of PE is recognized as an asset if:

- a. It is probable that future economic benefits or associated with the item will flow to the entity; and
- b. The cost or fair value of the item can be measured reliably; and cost is at least P50,000

Measurement at initial recognition

An item recognized as property and equipment is measured at cost. A PE acquired through non-exchange transaction is measured at its fair value.

Cost includes the following:

- a. Purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b. Expenditure that is directly attributable to the acquisition of the items; and
- c. Initial estimate of the costs of dismantling and removing the items and restoring the site of which it is located, the obligation for which an entity incurs either when the item is acquired, or as a consequence of having used the item during a particular period for the purposes other than to produce inventories during the period.

Subsequent Measurement

After recognition, all PE are stated at cost less accumulated depreciation and accumulated impairment losses.

When significant parts of PE are required to be replaced at intervals, LIBI recognizes

such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major repair/replacement is done, its cost is recognized in the carrying amount of the PE as a replacement if the recognition criteria are satisfied.

Depreciation

Each part of an item of PE with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized as expense unless it is included in the cost of another asset.

a. Initial recognition of depreciation

Depreciation of an asset begins when it is available for use such as when it is in the location and condition necessary for it to be capable of the manner intended by management.

For simplicity and to avoid proportionate computation, the depreciation is for one month if the PE is available for use on or before the 15th of the month. However, if the PE is available for use after the 15th of the month, depreciation will start on the succeeding month.

b. Depreciation Method

The straight-line method of depreciation is adopted.

i. Estimated useful life

The LIBI uses the life span of PE prescribed by the Commission on Audit in determining the specific estimated useful life for each asset based on its experience as follows:

Property and Equipment	Number of Years
Building	50
Information Technology	5
Furniture, Fixtures and Equipment	5
Motor Vehicle	7

ii. Residual Value

The LIBI uses a residual value equivalent to at least five per cent of the cost of the PE.

Impairment

An asset's carrying amount is written down to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Derecognition

The LIBI derecognizes items of PE and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognized.

4.10 Other Assets

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at cost. Subsequently, these are charged to statements of comprehensive income as they are consumed in operations or as they expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets and expected to be incurred within one year, otherwise, prepayments are classified as non-current assets.

Other assets pertain to expenditures which have future economic benefits and are not identified as financial assets, prepayments, or equipment. These are classified as current in the statements of financial position because the benefit from such assets are expected to be realized within one year from the financial reporting date, otherwise, they are classified as non-current.

4.11 Intangible Assets

Recognition and measurement

Intangible assets are recognized when the items are identifiable non-monetary assets without physical substance; it is probable that the expected future economic benefits or service potential that are attributable to the assets will flow to the entity; and the cost or fair value of the assets can be measured reliably.

Intangible assets acquired separately are initially recognized at cost.

If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is recognized as interest expense over the period of credit unless it is capitalized in accordance with the capitalization treatment permitted in PAS 23, Borrowing Cost

Recognition of an expense

Expenditure on an intangible item is recognized when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria of an intangible asset.

Subsequent measurement

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets with a finite life are amortized over their useful lives.

The straight-line method is adopted in the amortization of the expected pattern of consumption of the expected future economic benefits or service potential.

An intangible asset not yet available for use is assessed for impairment annually and whenever there is an indication that the assets may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in the statements of comprehensive income as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the profit or loss when the asset is derecognized.

4.12 Provisions, Contingent Liabilities, and Contingent Assets

a. Provisions

Provisions are recognized when (1) the Corporation has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation.

Where the LIBI expects some or all a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense pertaining to any provision is presented in the statements of comprehensive income net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provisions are reversed.

b. Contingent Liabilities

The LIBI does not recognize a contingent liability but discloses details of any contingencies in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

c. Contingent Assets

The LIBI does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the LIBI in the notes to the financial statements.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements on the period in which the change occurs.

4.13 Changes in Accounting Policies and Estimates

The LIBI recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

LIBI recognizes the material effects of changes in accounting estimates prospectively through the statements of comprehensive income.

- a. The period of the change, if the change affects that period only;
- b. The period of the change and future periods, if the change affects both.

The LIBI corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- a. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- b. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

With the adoption and implementation of PFRS 15 effective year 2023, it requires the management to make judgements, estimates and assumptions that affect the application of accounting policy and the amounts of assets, liabilities, income and expenses reported in the financial statements at the reporting date. The estimates, assumptions and judgments are based on the management's evaluation of relevant facts and circumstances as of the date of the financial statements. However, uncertainty about these judgments, estimates and assumptions could result in an outcome that could require a material adjustment to the carrying amount of the affected asset or liability on the first adoption and implementation and in the future.

4.14 Revenue from Contracts with Customers

The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognizes revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in

exchange for those goods or services. The standard focuses on the identification of performance obligations and distinguishes between performance obligations that are satisfied at a point in time and those that are satisfied over time, which is determined by the manner in which control of goods or services passes to the customer. The Corporation must apply the five-step model to comply with the revenue recognition standard:

- Step 1: Identify the contract(s) with customers
- Step 2: Define the performance obligations in each contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the Corporation satisfies a performance obligation

The amendments on PFRS 15, Revenue from Contracts with Customers, clarifies how entities:

- a. Identify a performance obligation—the promise to transfer a good or a service to a customer—in a contract;
- b. Determine whether a company is a principal (the provider of a good or service) or an agent responsible for arranging for the good or service to be provided; and
- c. Determine whether the revenue from granting a license should be recognized at a point in time or over time.

LIBI assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Corporation has assessed that it acts as an agent in all of its revenue sources. The LIBI's existing brokerage agreements with the accredited insurance companies of its parent, LBP, aims to provide accessible, competitively priced, and responsive insurance services and to efficiently facilitate processing of insurance requirements of all LBP clients and direct individuals. Transaction price varies per line of insurance risks. The LIBI recognizes revenue as the brokering services and issuance of policies by the insurers are rendered at a point in time for non-life insurance policies.

In the adoption of PFRS 15, the LIBI implemented the recognition of Fees and Commission Income (FCI) derived from Credit Life Insurance (CLI) premiums by recording FCI applicable for the first year and the rest of the FCI will be amortized based on the remaining term of the loan.

The LIBI Board under Resolution No. 2023-020-072 dated November 30, 2023 approved the adoption and implementation of COA Circular No. 2023-009 - Implementation of PFRS 15 Revenue from Contracts with Customers. With its first year of adoption and implementation, LIBI adjusted the FCI from the CLI premium production for 2023 by recording Unearned Fees and Commission Income and reversed the FCI pertaining to succeeding years. The details are presented in the table below:

CY2023

CLI	FCI		Total
	CY 2023	CYs 2024-2027	
1,049,030,041	62,461,034	217,812,603	280,273,637

To facilitate a more straightforward implementation, the management proposed a simplified amortization process by evenly distributing the CLI fees and commission over the term of the loan.

As a result of the implementation of PFRS 15 in CY 2023, total income declined significantly and had a material impact of the Net Income for 2023.

4.15 Leases

PFRS 16 requires lessees to recognize all leases on their statements of financial position except for relatively small-value assets and leases with terms of 12 months or less. This single accounting model no longer distinguishes a finance lease from an operating lease. Under its core principle, a lessee recognizes a right-of-use (ROU) asset and a lease liability on its balance sheet for most leases, including operating leases.

Leases, where the Corporation does not transfer substantially all the risks and rewards of ownership of the assets, are classified as operating leases.

4.16 Income Taxes

Income tax on the profit for the year comprises current tax only. Income tax is recognized in the profit or loss. Current income tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted as of the reporting date, and any adjustment to tax payable with respect to previous years.

Deferred Tax Asset refers to tax consequences attributable to differences between the financial reporting bases of assets and liabilities. It is measured using the tax rate applicable to taxable income in the year in which those temporary differences are expected to be recorded or settled. Deferred Tax Asset is recognized to the extent of the realization of the related Income Tax Benefit through future taxable income.

4.17 Retirement Benefits

In compliance with the provisions of the Retirement Law [Republic Act (R.A.) No. 7641], which requires corporations to provide retirement benefits for their employees, and the National Internal Revenue Code (R.A. No. 8424), which allows tax deductibility of employer's contributions for the retirement benefits of its employees, LIBI has established a retirement fund pursuant to Board Resolution No. 2010-006-012 dated July 30, 2010.

a. Retirement benefit obligations

The LIBI retirement benefit plan is a defined benefit plan and is non-contributory, covering all its officers and regular employees. The net defined benefit liability or asset is the aggregate of the present value of plan assets (if any), adjusted for any effect of

limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

Defined benefit costs comprise the following:

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

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss. Re-measurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Re-measurements are not reclassified to profit or loss in subsequent periods. All re-measurements recognized in other comprehensive income account "Re-measurement gains (losses) on retirement plan" are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Corporation, nor can they be paid directly to the Corporation. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

Characteristics and funding

The LIBI has a funded non-contributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits after satisfying certain age

and service requirements. The retirement plan provides retirement benefits (equivalent to 22.5 days pay for every year of service) after satisfying certain age and service requirements.

The set-up of Retirement Fund Liability was approved by the Board of Directors on September 01, 2010 per Board Resolution No. 2010-007-013.

LIBI appropriated its Retained Earnings from 2000 to 2008 a total amount of P10,000,000 for retirement benefit plan. On July 18, 2011, the Retirement Fund was finally set-up by LIBI of which the LBP-Trust Banking Group (LBP-TBG) was appointed as Trustee of the fund. LIBI treated this fund as off-book in accordance with PAS 26, Accounting and Reporting by Retirement Benefit Plan. The monitoring of this Fund would be done by the LIBI Administrative Head, which would be checked periodically by the Accounting Head.

Actuarial assumptions

LIBI engaged the services of a duly certified independent actuarial firm to do actuarial valuation of LIBI's plan assets and present value of its defined benefit obligation using the Projected Unit Credit Method and in accordance with the provisions of PAS 19, as revised (PAS 19R).

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation are as of December 31, 2022. No actuarial valuation made for year 2023 since there was no response yet from the GCG regarding the joint letter request for clarification on the Retirement Benefit Plans of LBP Subsidiaries emailed to GCG on May 23, 2023 with a follow-up letter dated January 10, 2024.

The valuation results were based on the employee data as of the valuation dates provided by the LIBI to the independent actuarial firm.

The principal actuarial assumptions used as at the statements of financial position date follows:

	December 31, 2022		January 01, 2022
Discount rate	7.10%		4.90%
Salary increase rate	3.00%		3.00%
Mortality rate	2017 Intercompany Table	Philippine Mortality	2017 Philippine Intercompany Mortality Table
Disability rate	2013 SSS Total Disability Table		2013 SSS Total Disability Table
Turnover Table	A range of rates starting with 10% annum for a new hire progressing to a 1% tail rate		A range of rates starting with 10% annum for a new hire progressing to a 1% tail rate
Normal retirement age	60		60
Projected retirement credit	22.5 days pay per year of		22.5 days pay per year of

Actuarial cost method	service Projected unit credit method	service Projected unit credit method
Manner of benefit payment	Lump sum	Lump sum

The summary of valuation results as at the statements of financial position date follows:

	December 31, 2022	January 01, 2022
Number of employees	55	57
Average age in years	38.9	38.4
Average years of past service	9.8	9.2
Average Expected Future Service	13.7	13.8
Total Annual Salary ⁰	26,156,388	26,999,172
Present value of defined benefit obligation	16,515,088	0
Current service cost	1,697,562	0
Net Interest Cost (Income)	(121,917)	0
Fair value of plan assets	20,228,719	0000
Deficit / (Surplus)	(3,713,631)	0
Contributions	0	0
Benefits paid from plan assets	1,202,805	0

Reconciliation of defined benefit obligation and fair value of plan assets

	Defined Benefit Obligation	Fair Vale of Plan Assets	Net Defined Liability
Balance, January 1	2,109,420	0	2,109,420
Opening balance adjustment	16,805,601	(21,403,128)	(4,597,527)
Adjusted balance, January 1	18,915,021	(21,403,128)	(2,488,107)
Service cost-current	1,697,562	0	1,697,562
Interest cost (income)	926,836	(1,048,753)	(121,917)
Included in Retained Earnings adjustment	2,624,398	(1,048,753)	1,575,645
Re-measurement loss(gain)			
a. (Gain) loss on defined benefit obligation from changes in:			
• Financial assumptions	(3,092,668)	0	(3,092,668)
• Demographic assumptions	0	0	0
• Due to Experience	(908,858)	0	(908,858)
b. Return on plan assets, excluding interest income	0	1,200,357	1,200,357
Included in other comprehensive income	(4,001,526)	1,200,357	(2,801,169)
Employer contributions	0	0	0
Withdrawals- benefit paid in 2022	(1,022,805)	1,022,805	0
Other movements	(1,022,805)	1,022,805	0
Balance, December 31	16,515,088	(20,228,719)	(3,713,631)

PART I

AUDITED FINANCIAL STATEMENTS

Allocation of Plan Assets

Cash and cash equivalents	2,854,166	14.1%
Government securities	17,414,363	86.1%
Miscellaneous receivables	2,177	0%
Trust Fee payables	(41,986)	0.2%
Plan Assets	20,228,719	100.00%

The Retirement Trust Fund assets are valued by the fund manager at fair value using the mark-to-market valuation. While no significant changes in asset allocation are expected in the next financial year, the Retirement Plan Trustee may make changes at any time.

Maturity Profile and Maturity Benefit Analysis

The expected benefit stream considers plan benefits, increase in ages, service years, and salaries of the current plan participants as well as the assumed probability tables. The past and future service years were factored in the calculations.

a) Maturity Profile: Expected benefit Cash Flow

a.	Year 1	4,935,351
b.	Year 2	404,869
c.	Year 3	1,326,895
d.	Year 4	3,126,975
e.	Year 5	1,834,937
f.	Year 6-10	10,023,498
g.	Year 11-20	21,959,098
h.	Year 21-30	42,183,182
i.	Year 31-40	0

b) Maturity Benefit Analysis

a.	Actuarial Present Value of Benefits *	28,635,930
b.	Vested Benefit **	19,918,485
c.	Macaulay Duration ***	12:1

**Actuarial Present Value of Benefits is the present value of expected benefits after reflecting the time value of money.*

**** Vested Benefit is the estimated amount the Company needs to pay if all the employees voluntarily resigned or retired as of the valuation date.**

***** Macaulay duration is the weighted average of maturity tenors with weights equal to present value of expected cash flow. This is a key metric in the implementation of asset-liability matching and liability driven investment strategies.**

Sensitivity Analysis

This schedule shows the impact in key actuarial assumptions on the present value of defined benefit obligation. Each Sensitivity run is based on a change in a sole actuarial assumption while holding all other assumptions constant. However, the sensitivity runs may not be representative of the actual change in the defined benefit obligation as it is unlikely that a change in assumption would occur in isolation as the assumptions may be correlated. Furthermore, defined benefit obligation figures in these sensitivity runs have been calculated using the projected unit credit method, the same method used in the calculation of defined benefit obligation.

Sensitivity Analysis on Defined Benefit Obligation

Defined Benefit Obligation Base Case from reconciliation of defined benefit obligation, as shown in table below.

Amount

a. Discount Rate + 100bps	15,415,578
b. Discount rate-100bps	17,789,658
c. Salary Rate +100bps	17,830,730
d. Salary Rate – 100bps	15,364,600
e. Turnover Rate = 0%	16,067,684
f. Turnover Rate*125%	16,600,693
g. Turnover Rate*75	16,420,568

Percentage Change Relative to Base Case

a. Discount Rate + 100bps	(7%)
b. Discount rate-100bps	8%
c. Salary Rate +100bps	8%
d. Salary Rate – 100bps	(7%)
e. Turnover Rate = 0%	(3%)
f. Turnover Rate*125%	1%

g. Turnover Rate*75	(1%)
100 basis points (bps) is equivalent to 1%	

The retirement plan of the LIBI is exposed to both financial and demographic risks:

- a. Liquidity risk: The inability to meet benefit obligation payout when due.
- b. Interest rate risk: The present value of the defined benefit obligation is relatively sensitive and inversely related to the discount rate. If the discount rate decreases, the defined benefit obligation increases.
- c. Salary risk: The present value of the defined benefit obligation is relatively sensitive and directly related to future salary increases. If the accrual salary increases in the future are higher than expected, then the defined benefit obligation and benefits are higher.

The Statement of Financial Position as at December 31, 2023 prepared by LBP-TBG showed the Net Assets balance of the Retirement Fund amounting to P21,880,757. The Net Assets balance is composed of Capital and Retained Earnings amounting to P15,681,546 and P6,199,211, respectively, as at December 31, 2023.

b. Compensated absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. These are included in "Leave Benefits Payable" account at the undiscounted amount that the LIBI expects to pay as a result of the unused entitlement.

4.18 Related Parties

The parent, LBP, regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the LIBI, or vice versa.

A member of key management is regarded as a related party such as the corporate secretary who is an employee of the parent, LBP.

Related party disclosures are shown in Note 31 of the financial statements.

5. CASH AND CASH EQUIVALENTS

This account consists of:

	2023	2022
Cash on Hand	50,000	50,000
Cash in Bank-Local Currency	354,249,344	235,587,099
Cash Equivalents	100,708,976	0

Cash in Bank-Clients' Monies	4,000,796	0
Total	459,009,116	235,637,099

The LIBI Board issued Board Resolutions No. 2021-018-090A and 2021-018-090B which approved the opening of Client's Money account and the adoption of compliance of the other provisions of Insurance Commission Circular 2021-65.

The clients' money account was successfully opened in LBP-MBC Ayala Branch and enrolled in the LBP weAccess facility in October 2023. However, online collections of premium payments are still coursed through the LIBI's main account in LBP-MBC-Local Currency Account because of the limitation of the defined Revised Chart of Account (RCA) in LIBI's Integrated Insurance Business System (IIBS). Although the Cash in Bank-Clients' Monies account was already created as one of the subsidiary accounts of the Cash in Bank-Local Currency-Ayala account, it is still to be defined by the system provider since there was no further sub-subsidiary ledgers defined for the subsidiary account Cash in Bank-Local Currency-MBC Ayala account.

The clients' monies are presented as part of the Customer's Deposit Payable, Accounts Payable and Undistributed Collections account balances as at December 31, 2023.

Customer's Deposit Payable (Note 15)	90,817,036
Accounts Payable (Note 13)	35,224,438
Undistributed Collections (Note 18)	3,090,214
Total	129,131,688

6. RECEIVABLES

This account consists of:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Accounts Receivable	168,616,973	0	168,616,973	104,982,173	0	104,982,173
Accrued Service Fees Receivable	33,304,976	0	33,304,976	22,444,978	0	22,444,978
Allowance for Impairment-Accrued Service Fees Receivable	(11,152,830)	0	(11,152,830)	(10,871,993)	0	(10,871,993)
Net Value-Accrued Service Fees Receivable	22,152,146	0	22,152,146	11,572,985	0	11,572,985
Commission Receivable from Insurer	744,161	0	744,161	1,822,044	0	1,822,044
Interest Receivable	9,593,494	0	9,593,494	8,510,744	0	8,510,744
Inter-Agency Receivable						
Due from-SSS	3,600	0	3,600	232,768	0	232,768
Due from Parent Company	24,686,894	0	24,686,894	0	0	0

Sub-total	225,797,268	0	225,797,268	127,120,714	0	127,120,714
Other Receivables						
Receivable-Disallowances /						
/Charges	0	1,589,383	1,589,383	0	1,591,783	1,591,783
Advances	55,000	0	55,000	0	0	0
Due from Officers and						
employees	9,236	0	9,236	28,920	0	28,920
Sub-total	64,236	1,589,383	1,653,619	28,920	1,591,783	1,620,703
Total	225,861,504	1,589,383	227,450,887	127,149,634	1,591,783	128,741,417

The LIBI Board of Directors approved under Board Resolution No. 2023-017-057B dated September 28, 2023 to refund the unearned fees and commission income deducted by the insurance provider from the CLI borrower's unexpired premium refunds to the Branch Banking Sector of Land Bank together with the application of PFRS 15 wherein the FCI for CLI premiums should be amortized based on the loan term. The corresponding handling fees or other discounts previously remitted to the parent, LBP, were adjusted accordingly based on the returned FCI and amortization of FCI for CLI premiums that resulted to an over remittance of Other Financial Liabilities. The over remittance was then recorded under Due from Parent account. The over remittance will then be deducted in future remittances to LBP.

Accounts Receivable and Accrued Service Fees Receivable accounts include outstanding premium receivable from the assured whose insurance policies have been issued by insurance companies that are now under liquidation. Below is the breakdown:

Insurance Company	Premium	Accrued Service Fee
Unexpired Premium from Philippine Prudential Life Ins. (PPLICI)	40,876,291	9,023,564
Long Outstanding Receivable – Easy Home Loan (EHL) PPLICI	283,214	45,516
Long Outstanding Receivable - Philippine Phoenix	638,173	129,338
Total	41,797,678	9,198,418

Relative to the termination of LIBI's insurance business with PPLICI in September 2013 which the latter did not concur, the PPLICI filed a complaint on March 7, 2016, against the LBP and LIBI to the Regional Trial Court (RTC) National Capital Judicial Region Pasig City, Branch 155, docketed as Civil Case No. 75133 for a sum of money relating to unpaid premiums by LIBI from 2013 to 2016.

On February 11, 2022, the OGCC filed a Memorandum in the Civil Case No. 75133 praying for the dismissal of the instant complaint about Accounting and Damages for lack of merit, and the ordering of the petitioner to pay LIBI Attorney's Fees and Litigation Expenses of at least P250,000.00 plus the cost of suit. All parties have already submitted their respective memorandum. Thus, the case was submitted for Resolution/Decision of the Court. On October 4, 2022, the OGCC received the favorable Decision, dated August 8, 2022, of the RTC National Capital Judicial Region Pasig City, Branch 155 docketed as Civil Case No. 75133. Plaintiff PPLICI filed a

Motion for Reconsideration of the August 8, 2022 Decision which was subsequently denied by the RTC for lack of merit. There were no updates received yet from the OGCC.

Reconciliation of carrying amounts of Allowance for Impairment - Accrued Service Fee Receivable for CY 2023:

Particulars	2023	2022
At January 1	10,871,993	11,665,490
Provisions for the year (Note 25)	1,822,481	1,617,074
	12,694,474	13,282,564
Adjustment:		
Reversal of CY2021 and 2022 due to collections	(1,541,644)	
Reversal of CY 2021 due to collections	0	(2,410,571)
	(1,541,644)	(2,410,571)
At December 31	11,152,830	10,871,993

7. INVENTORIES

This account consists of inventories held for consumption, namely:

	2023	2022
Office supplies inventory	134,866	180,473
Accountable forms inventory	87,518	100,125
Non-accountable forms	19,962	24,536
Semi-expendable – Office Equipment	0	28,212
Semi-expendable – Information and Technology Equipment	0	20,800
Semi-expendable – Furniture and Fixtures	210,000	6,953
	452,346	361,099

Reconciliation of carrying amounts:

	2023	2022
Carrying Amount, January 1	361,099	229,044
Additions/Acquisitions during the year	559,897	658,635
Semi-expendable - Furniture and Fixtures	210,000	0
Consumption during the year	(678,650)	(483,857)
Adjustments due to reclassification of semi-		

expendable inventories	0	(42,723)
Carrying Amount, December 31	452,346	361,099

8. OTHER ASSETS

This account consists of:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Prepayments	21,972,919	410,187	22,383,106	21,232,686	365,799	21,598,485
Deposits	0	82,197	82,197	33,600	142,022	175,622
Total	21,972,919	492,384	22,465,303	21,266,286	507,821	21,774,107

The prepayments consist of creditable withholding taxes, prepaid subscription-annual licenses for computer software like Microsoft, Adobe Acrobat, prepaid registration, zoom and cloud hosting; prepaid insurance, input tax and other prepayments like the prepaid tax and brokers' fee on investment placements, advertising and internet google workspace subscription.

The deposits consist of a one-month deposit as required by LIBI's suppliers of services for the subscription of internet, condominium dues and rental for print-all-you-can printers.

9. INVESTMENTS

This account consists of held to maturity investments. Below is the summary of changes in this account during the year:

As at December 31, 2023

	Treasury Bills	Retail Treasury Bonds	Fixed Treasury Notes	DBP Tier II	Total
Balance, Jan. 1, 2023, at Par Value	53,461,893	853,038,000	419,150,000	75,000,000	1,400,649,893
Additional investment	79,462,253	50,000,000	0	0	129,462,253
Investment sold/collected	(60,736,000)	(69,480,000)	(30,000,000)	(75,000,000)	(235,216,000)
Total Investment at Par Value	72,188,146	833,558,000	389,150,000	0	1,294,896,146
Discount on Investment	0	0	(181,966)	0	(181,966)
Premium on Investment	7,941,171	38,161,915	0	0	46,103,086
Allowance for Impairment, Jan. 1	0	0	0	(384,352)	(384,352)
Impairment loss reversal	0	0	0	384,352	384,352
Allowance for Impairment, Dec. 31	0	0	0	0	0
Balance, December 31, 2023	80,129,317	871,719,915	388,968,034	0	1,340,817,266

As at December 31, 2022

	Treasury Bills	Retail Treasury Bonds	Fixed Treasury Notes	DBP Tier II	Total
Balance, Jan. 1, 2022, at Par Value	451,955,089	671,558,000	30,000,000	75,000,000	1,228,513,089
Additional investment	515,036,792	191,480,000	389,150,000	0	1,095,666,792

Investment sold/collected	(913,529,988)	(10,000,000)	0	0	(923,529,988)
Total Investment at Par Value	53,461,893	853,038,000	419,150,000	75,000,000	1,400,649,893
Discount on Investment	0	0	(347,541)	0	(347,541)
Premium on Investment	6,535,532	40,294,082	0	0	46,829,614
Allowance for Impairment, Jan. 1	0	0	0	(307,482)	(307,482)
Impairment loss for the year	0	0	0	(76,870)	(76,870)
Allowance for Impairment, Dec. 31	0	0	0	(384,352)	(384,352)
Balance, December 31, 2022	59,997,425	893,332,082	418,802,459	74,615,648	1,446,747,614

The current and non-current portion of the Investments are broken down as follows:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Treasury Bill	80,129,317	0	80,129,317	59,997,425	0	59,997,425
Retail Treasury Bonds	100,000,000	771,719,915	871,719,915	69,480,000	823,852,082	893,332,082
Fixed Treasury Notes	0	388,968,034	388,968,034	29,979,669	388,822,790	418,802,459
DBP Tier II	0	0	0	74,615,648	0	74,615,648
Total	180,129,317	1,160,687,949	1,340,817,266	234,072,742	1,212,674,872	1,446,747,614

The current portion pertains to the Treasury Bill of 175 days with an interest rate of 6.430 per cent to mature on May 8, 2024. The DBP Tier II matured on November 20, 2023 and the allowance for impairment loss was reversed. The Retail Treasury Bond which was transferred to current in 2022 with an interest of 2.375 per cent will mature on March 11, 2024.

Investments of LIBI carry interest rates at December 31 as follows:

	2023	2022
Retail Treasury Bonds	6.125%, 4.875%, 4.625%, 4.375%, 3.500%, 3.250%, 2.625% and 2.375%	6.125%, 4.875%, 4.625%, 4.375%, 3.500%, 3.250%, 2.625% and 2.375%
DBP-Tier II	4.875%	4.875%
Fixed Treasury Notes	5.750%, 5.500% and 5.250%	5.750%, 5.500% and 5.250%
Treasury Bills	6.43%	4.36%

Total interest earned from the investments amounted to P61,584,129 and P42,529,727 for years 2023 and 2022, respectively, as disclosed in Note 21.

Board Resolution No. 2014-009-027 dated October 29, 2014 approved the request of LBP Leasing and Finance Corporation (LLFC), for the assignment of LIBI's P500,000,000 worth of government securities – Retail Treasury Bonds as partial collateral for LLFC's existing short-term loan from LBP. The Deed of Assignment (DOA) by way of security was executed on October 31, 2014 by and between LIBI and LLFC. The DOA shall be irrevocable until the Line shall have been paid in full and shall be subject to the terms and conditions of the contracts relative to the Line herein

secured. Any release of the assigned Collateral or cancellation of this Assignment shall be subject to the prior consent of the LIBI.

In consideration of the assignment, LLFC shall pay LIBI a guarantee/assignment fee equivalent to 1/8 of 1 per cent of the remaining investments amounting to P471,558,000 per annum. The guarantee/assignment fee is being paid by LLFC on a quarterly basis. However, due to the maturity of the Retail Treasury Bond on August 15, 2023 amounting to P20,000,000, the total assignment fee paid by LLFC was reduced to P489,562. LLFC did not request for replacement of the matured assigned investment.

10. INVESTMENT PROPERTY

This account consists of assets acquired through dacion en pago from the former employee with outstanding obligation amounting to P998,316. The dacioned properties consist of two parcels of land containing a total area of 5,847 square meters located at Catbalogan, Western Samar. The appraised value of these properties amounted to P2,924,000 per appraisal report of the LBP Property Valuation and Credit Information Department dated May 22, 2017. There's a notation in the appraisal report that there is a plan to reclassify the area from "Agricultural" to "Residential" but still pending for approval by the Sangguniang Bayan of Catbalogan City. On September 02, 2022, the management sent a formal request for an appraisal service coursed through the LBP Department Manager of Agrarian Operations Center VIII located at the 2nd floor of LandBank Bldg. Real St., Sagkahan District, Tacloban City. An ocular visit was done with LBP personnel and LIBI's Administrative Unit on September 08, 2022.

11. PROPERTY AND EQUIPMENT

This account consists of the following:

As at December 31, 2023

	Office Equipment	Information and Communication Technology	Furniture and Fixtures	Building	Motor Vehicles	Total
Cost, January 1	14,540,037	6,215,790	2,757,400	40,237,325	7,847,768	71,598,320
Acquisitions	534,821	0	0	0	0	534,821
Construction in Progress	0	0	429,390	2,631,222	0	3,060,612
Cost, December 31	15,074,858	6,215,790	3,186,790	42,868,547	7,847,768	75,193,753
Accumulated Depreciation, January 1	10,681,694	2,675,857	1,724,254	30,916,008	4,840,832	50,838,645

Depreciation	849,302	586,770	107,825	905,298	610,518	3,059,713
Accumulated Depreciation, December 31	11,530,996	3,262,627	1,832,079	31,821,306	5,451,350	53,898,358
Net Carrying Amount, December 31	3,543,862	2,953,163	1,354,711	11,047,241	2,396,418	21,295,395

As at December 31, 2022

	Office Equipment	Information and Communication Technology	Furniture and Fixtures	Building	Motor Vehicles	Total
Cost, January 1	16,542,436	5,876,504	3,774,833	40,237,325	7,847,768	74,278,866
Acquisitions	1,262,531	339,286	0	0	0	1,601,817
Adjustments:						
a. Reclassification	(3,148,858)	0	(1,017,432)	0	0	(4,166,290)
b. Derecognition- loss due to burglary and theft	(116,070)	0	0	0	0	(116,070)
c. Due to rounding-off	(2)	0	(1)	0	0	(3)
Cost, December 31	14,540,037	6,215,790	2,757,400	40,237,325	7,847,768	71,598,320
Accumulated Depreciation, January 1	10,615,949	2,132,063	2,466,238	30,010,710	4,230,314	49,455,274
Depreciation	1,706,051	543,794	177,233	905,298	610,518	3,942,894
Adjustments:						
Reversal due to reclassification	(1,611,325)	0	(919,217)	0	0	(2,530,542)
Reversal of accumulated depreciation due to loss	(28,981)	0	0	0	0	(28,981)
Accumulated Depreciation, December 31	10,681,694	2,675,857	1,724,254	30,916,008	4,840,832	50,838,645
Net Carrying Amount, December 31	3,858,343	3,539,933	1,033,146	9,321,317	3,006,936	20,759,675

The renovation of the LIBI Office had started on July 16, 2023, and a total of P2,631,222 based on progress billing was paid as of December 31, 2023 while a billing for the Furniture and Fixture was unpaid as of December 31, 2023 due to unfinished installation of workstations.

12. INTANGIBLE ASSETS

This account consists of the cost of computer software upgrade of the LIBI's existing Integrated Insurance Business System (IIBS) version 3.3 to 4.0 web version system. The LIBI Board of Directors approved the full payment of the IIBS Ver. 4 Upgrade Project, after certification by LIBI Management that the project was completed per Board Resolution No. 2022-003-017 dated February 24, 2022.



LBP INSURANCE BROKERAGE, INC.

(A SUBSIDIARY OF THE LAND BANK OF THE PHILIPPINES)
12/F, CityLink Law Centre Bldg., 105 Paseo De Roxas, Legaspi Village, Makati City 1229



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of LBP (Land Bank of the Phil.) Insurance Brokerage, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023 and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the LBP (Land Bank of the Phil.) Insurance Brokerage, Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the LBP (Land Bank of the Phil.) Insurance Brokerage, Inc. or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the LBP (Land Bank of the Phil.) Insurance Brokerage, Inc.'s financial reporting process.

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

Commission on Audit has audited the financial statements of the LBP (Land Bank of the Phil.) Insurance Brokerage, Inc. in accordance with International Standards of Supreme Audit Institutions, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

ALVIN G. DANS
Chairman of the Board

CHERRY MAY T. FREDERICK
Acting President and CEO

JAYLORD P. DELA CRUZ
Corporate Treasurer

Signed this 16th day of April, 2024.

Another intangible asset procured in CY 2018 is the Online Insurance Application system with Virtual Assistant (CHATBOT) to help clients in facilitating their insurance queries and needs.

LIBI's timekeeping payroll and human resource information system with a contract price of P916,888.88 was approved by the LIBI Board per Board Resolution No. 2021-018-089 dated November 19, 2021. The development of the software program Electronic Human Resource Information system (eHRIS) started in June 2022, and it was completed on November 18, 2022. A walkthrough and parallel run test were done in the 1st quarter of 2023. The eHRIS is now being utilized and the amortization started in 2023.

As at December 31, 2023

	Development in Progress	Computer Software	Total
Cost, January 1	3,625,794	6,019,692	9,645,486
Adjustments (transferred to Computer Software)	(3,625,794)	3,625,794	0
Cost, December	0	9,645,486	9,645,486
Accumulated Amortization, January 1	0	1,004,633	1,004,633
Amortization	0	1,798,669	1,798,669
Accumulated Amortization, December 31	0	2,803,302	2,803,302
Net Carrying Amount, December 31	0	6,842,184	6,842,184

As at December 31, 2022

	Development in Progress	Computer Software	Total
Cost, January 1	4,995,133	143,529	5,138,662
Acquisitions	818,651	3,688,173	4,506,824
Adjustments (transferred to Computer Software)	(2,187,990)	2,187,990	0
Cost, December	3,625,794	6,019,692	9,645,486
Accumulated Amortization, January 1	0	95,686	95,686
Amortization	0	908,947	908,947
Accumulated Amortization, December 31	0	1,004,633	1,004,633
Net Carrying Amount, December 31	3,625,794	5,015,059	8,640,853

13. FINANCIAL LIABILITIES

This account consists of:

	2023	2022
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Insurance/Reinsurance Premium Payable	264,615,103	170,402,412
Accounts Payable	39,108,677	37,120,537
Due to Officers and Employees	11,989	156,706
Other Financial Liabilities Handling Fees Payable	5,680,180	25,876,137
Total	309,415,949	233,555,792

Insurance/Reinsurance Premium Payable pertains to outstanding insurance premiums, and paid insurance premiums to be remitted to insurance companies as of December 31, 2023 and 2022.

Accounts Payable includes unreleased checks, authority to debit and outstanding check premium refunded to client totaling P35,224,438 for payment of insurance premiums to various insurance companies that remain under the custody of the Cashiering Unit as at December 31, 2023 awaiting corresponding tax certificates (BIR Form 2307) from various insurance companies. Included too were unreleased checks totaling P3,884,239 representing payment of goods and services to suppliers. The CY 2022 Accounts Payable account included unreleased checks and authority to debit totaling P32,811,392 for payment of insurance premium and P4,309,145 of unreleased checks and Authority for Fund Transfers for premium refunds and payment of goods and services. The 2022 accrued expenses were reclassified from Accounts Payable to Accounts Payables-Others.

Due to Officers and Employees pertains to tax refunds to officers and employees.

Other Financial Liabilities-Handling Fees Payable account pertains to handling fees payable to LBP Head Office and LBP subsidiaries due for payment every March and September of the year. With the implementation of PFRS 15, the Other Financial Liabilities-Handling Fees Payable was adjusted based on the amortization schedule in Note 16.

14. INTER-AGENCY PAYABLES

This account consists of:

	2023	2022
Income Tax Payable	15,004,816	14,591,820
Value Added Tax Payable	3,619,911	3,103,070
Due to BIR	526,468	339,378
Total	19,151,195	18,034,268

Following the BIR Revenue Memorandum Circular No. 5-2021 issued on April 08, 2021, the Income Tax Payable account represents 25 per cent corporate income tax remitted to the BIR within 60 days following the close of each of the first three quarters of the taxable year and April 15 of the following year.

The Value Added Tax (VAT) Payable account represents the 12 per cent output tax on the collected accrued service fees receivable for the month and remitted to the BIR every twenty 25th day following end of the month while the quarterly remittance is filed not later than the 25th day following the close of each taxable quarter.

The Due to BIR account represents five per cent government VAT withheld from suppliers of goods and services; withholding tax withheld on compensation and the one per cent or two per cent withholding tax at source. Withholding taxes withheld during the month are remitted to the BIR every 10 days and 15 days following the end of the month, respectively.

15. TRUST LIABILITIES

This account consists of:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Customer's Deposits Payable	90,817,036	0	90,817,036	127,056,510	0	127,056,510
Guaranty/Security Deposits Payable	71,800	74,000	145,800	23,800	76,000	99,800
Total	90,888,836	74,000	90,962,836	127,080,310	76,000	127,156,310

The Customer's Deposits Payable pertains to advance payments of premiums by clients/assured awaiting issuance of insurance policies and/or matching of premium invoices. Transactions representing excess payments of premiums are also recorded under this account awaiting instruction from assured/LBP for refund or application to future renewal of policies.

16. UNEARNED FEES AND COMMISSION INCOME

This account consists of:

	2023		
	Current	Non-Current	Total
Unearned Fees and Commission Income	61,341,789	156,470,814	217,812,603
Total	61,341,789	156,470,814	217,812,603

With the adoption and implementation of PFRS 15 through the issuance of Board resolution, the management recorded unearned fees and commission income derived from the CLI premium production for 2023 and how it was computed were disclosed under Note 4.14.

Amortization Table for year 2023

TERM LOANS (YEAR)	CURRENT 2024	NON-CURRENT 2025	TOTAL
2	3,103,728	0	3,103,728

3	1,799,160	1,799,160	3,598,320
4	14,645,049	29,290,098	43,935,147
5	41,793,852	125,381,556	167,175,408
TOTAL	61,341,789	156,470,814	217,812,603

17. PROVISIONS

This account consists of:

	2023			2022		
	Current	Non-Current	Total	Current	Non-Current	Total
Leave Benefits Payable	8,498,781	0	8,498,781	7,764,066	0	7,764,066
Other Provisions	0	4,256,440	4,256,440	2,234,806	3,332,564	5,567,370
Total	8,498,781	4,256,440	12,755,221	9,998,872	3,332,564	13,331,436

Other Provisions account refers to the estimated Performance-Based Bonus (PBB) of LIBI's officers and staff and the Performance-Based Incentive (PBI) of LIBI's Board of Directors is estimated to be sufficient to cover the years 2022 and 2021. No accrual for the PBB or PBI was recorded in 2023.

18. OTHER PAYABLES

This account consists of Accounts Payable-Others for accrued expenses of utilities, other general services and professional fees awaiting billing from suppliers. This account also includes undistributed collection, which pertains to credit advices issued by the LBP branches and LBP Domestic Banking Department as of the close of the transaction date. However, LIBI had not issued yet official receipts due to the lack of details.

	2023	2022
Accounts Payable - Others	5,791,699	3,618,432
Undistributed Collection	3,090,214	2,698,701
Total	8,881,913	6,317,133

19. SHARE CAPITAL

As at December 31, 2023, the total authorized, paid, issued and outstanding shares are 3,000,000 shares with par value of P100.

20. RETAINED EARNINGS

a) Dividend Declaration

In compliance with Republic Act No. 7656 requiring the GOCCs to declare and remit dividends to the National Government (NG) of at least 50 per cent of their annual earnings, the Board of Directors on May 02, 2023, declared and approved a cash

dividend of P151,604,034 through Board Resolution No. 2023-007-029 representing 60 per cent of LIBI's annual earnings for the year 2023.

b) Appropriations

As at December 31, 2023, total appropriations amounted to P615,570,446, detailed as follows:

Particulars	Amount
Appropriations for procurement of office space	200,000,000
Appropriation for the additional amount for the procurement of office space to cover taxes and incidental charges	50,000,000
Appropriation for the procurement of Off-site Office for Business Continuity Plan	150,000,000
Appropriation for other contingencies	100,000,000
Appropriation improvement of office space	10,000,000
Appropriation for replacement of lighting system and replacement of office ceiling	8,000,000
Appropriation for computer peripherals	8,000,000
Appropriations for the re-arrangement and renovation of office area	6,000,000
Appropriation for furniture and fixtures for off-site office	5,000,000
Appropriation seminars/trainings	5,000,000
Appropriation for office equipment and accessories	5,000,000
Appropriation for furniture and fixtures for office space	5,000,000
Appropriation for Directors' Training on Good Governance	5,000,000
Appropriation for QMS/Surveillance Audit	5,000,000
Appropriation for PABX	3,000,000
Appropriation for replacement of carpets	2,500,000
Appropriation for skills/competency training	2,000,000
Appropriation for system change/adjustment request for IIBS Version 4	2,000,000
Appropriation for alternate two (2) units of back-up servers	2,000,000
Appropriation for server back-up storages	2,000,000
Appropriation for structured cabling of data	1,750,000
Appropriation for IT disaster recovery back-up system	1,500,000
Appropriation for Chatbot Integration with IIBS Version 4	1,000,000
Appropriation for procurement of office equipment, furniture, and fixtures	1,000,000
Appropriation for Time Keeping and Payroll System	957,008
Appropriation for the enhancement of Documents Management System	500,000
Appropriations for Retirement Plan, IIBS System Enhancement, and Energy Consumption	33,363,438
Total	615,570,446

The LIBI Board of Directors (BOD) approved under Board Resolution No. 2023-017-057B dated September 28, 2023 to refund the unearned fees and commission income deducted by the insurance provider from the CLI borrower's unexpired premium refunds to the Branch Banking Sector of Land Bank. All unearned fees and commission income to be refunded corresponding to the unused premium that pertain to prior years which will affect the Retained Earnings Account shall be approved by the LIBI BOD before the release of the insurance premium refunds. The reversal of the Retained Earnings - Unappropriated amounting to P85,128,094 represents refunds of unearned fees and commission income of CLI unexpired premiums as follows:

Particulars	Amount
First batch as per B.R No. 2023-017-065 dated October 26,2023	59,959,802
Second batch as per B.R. No 2023-019-062 dated October 26, 2024	16,962,016
Third batch as per B.R. No. 2023-022-076 dated December 28,2023	8,206,276
	85,128,094

c) Adjustments

Other adjustments to the Retained Earnings for CY 2023 and 2022 are presented below:

CY2023

Accounts Affected	Particulars	Amount
Accrued Expenses Payable - Auditing Services	Reversal of over accrual of Audit fee for CY 2022.	533,566
Retained Earnings- Unappropriated	Reversal of Allowance for Impairment-DBP Tier that matured on November 20,2023.	384,352
Deferred Tax Asset	Reversal of deferred tax asset relating to allowance for impairment- DBP Tier	(101,854)
Allowance for probable losses - Accrued Service Fee Receivable and Deferred Tax Asset	Reversal of allowance for doubtful accounts due to subsequent collections.	1,541,644
Deferred Tax Asset	Reversal of deferred tax asset relating to allowance for impairment on accrued service fees receivable	(385,411)
Sub-total		1,972,297
Other Financial Liabilities	Prior years adjustment to Other financial Liabilities from refund from unexpired CLI premiums for the years 2020-2023.	5,588,017
Retained Earnings- Unappropriated	Recovery of taxes paid in prior years transactions as per Board Resolution no. 2023-01-057B dated September 28,2023.	24,119,529
Retained Earnings- Unappropriated	Recovery of taxes paid in prior years transactions as per Board Resolution no.2023-019-065 dated October 26,2023.	6,777,482
Other Financial Liabilities	Adjustments on Other Financial Liabilities for the second batch of unexpired CLI premiums.	1,992,006
Other Financial Liabilities	Adjustments on Other Financial Liabilities for the third batch of unexpired CLI premiums.	417,843
Other Financial Liabilities	Additional Adjustments on Other Financial Liabilities for the second batch of unexpired CLI premiums.	938,100
Other Financial Liabilities	Adjustments of Other Financial Liabilities handling fee rate for 2021 renewed accounts.	2,738,076

Other Financial Liabilities	Adjustments of Other Financial Liabilities handling fee rate for 2022 renewed accounts.	5,200,637
Retained Earnings- Unappropriated	Recovery of taxes paid in prior years transactions as per Board Resolution no.2023-01-022-076 dated December 28,2023.	3,281,596
Subtotal		51,053,286
Total		53,025,583

CY2022

Accounts Affected	Particulars	Amount
Property and Equipment-PPE	Reclassification of acquired PPE of below P50,000 per RA No. 11639 and Circular No. 2022-004	(4,209,013)
Depreciation Expense-Office Equipment	Recognition of additional depreciation expense on reclassified Office Equipment below P50,000	(41,845)
Accumulated Depreciation-PPE	Adjustment due reversal of those PPE P50,000 and below per RA No. 11639 and COA Circular No. 2022-004	2,584,404
Allowance for probable losses- Accrued Service Fee Receivable (ASFR) and Deferred Tax Asset	Reversal of allowance for probable losses and corresponding deferred tax asset due to collection and non-payment of accrued service fee in prior years	2,410,571
Retained Earnings- Unappropriated	Retro-active application of salary adjustments due to the implementation of CPCS effective October 05, 2021	(949,671)
Accrued Expenses Payable-Audit Fee	Reversal of accrued expense-auditing services of COA for year 2020 and 2021	691,010
Due from Employees and Officers	Collection of disallowed of group life insurance for employees and directors CY2021	178,911
Deferred Tax Asset	Reversal of deferred tax asset relating to allowance for impairment on accrued service fees receivable	(602,643)
Receivables-Disallowance/Charges	To take up additional receivables of various retired LIBI Board of directors as per ND LBP-Subs. 2008-015 (2002-2003)	334,289
PPE-Office Equipment	Derecognition of lost laptop	(44,643)
Pension Payable	To recognize prior year's expense as a result of the actuarial valuation on December 31,2022	(1,575,645)
Pension Payable	To reverse over accrual of pension benefit	

expense as a result of the actuarial valuation on December 31, 2022	883,896
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Total	(340,379)
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21. SERVICE AND BUSINESS INCOME

	2023	2022
Service Income		
Fees and Commission Income	268,146,163	407,437,301
Other Discounts	(13,596,896)	(45,109,508)
Net Fees and Commission Income	254,549,267	362,327,793
Business Income		
Interest Income	61,584,129	42,529,727
Total Business Income	61,584,129	42,529,727
Total	316,133,396	404,857,520

The fees and commission income were derived from the performance of services to customers/clients, while the other discounts pertain to the handling fee expenses given to LBP and LBP subsidiaries for appraisal, inspection of a property to be insured, and, for the performance of other administrative matters such as the collection of payments of insured properties.

The Service Income as of December 31, 2023 was already net of the application of PFRS 15.

Interest income pertains to earnings from investments such as Retail Treasury Bonds, DBP-Tier II, Fixed Treasury Notes, and Treasury Bills and from depository bank accounts.

22. PERSONNEL SERVICES

	2023	2022
<i>Salaries and Wages</i>		
Salaries and Wages-Regular	23,294,643	25,320,155
Salaries and Wages-Contractual	1,226,970	1,425,992
	24,521,613	26,746,147
<i>Other Compensation</i>		
Mid-year Bonus	2,141,700	2,298,488
Year-End Bonus	2,109,068	2,372,719
Overtime and Night Pay	1,696,649	1,863,902
Personnel Economic Relief Allowance (PERA)	1,353,887	1,441,704
Service Recognition Incentive	1,160,000	1,240,000
Representation Allowance	476,750	561,250
Transportation Allowance	364,250	354,250
Clothing/Uniform Allowance	316,070	315,991
Productivity Enhancement Incentive	290,000	310,000
Cash Gift	260,000	275,000
Honoraria	248,000	228,000

Longevity Pay	25,000	30,000
Anniversary Bonus	0	165,000
Performance Based Bonus	0	954,806
Rice Allowance	0	62,000
	10,441,374	12,473,110
<i>Personnel Benefit Contributions</i>		
Employees Compensation Insurance Premium	1,731,970	1,448,883
PhilHealth Contributions	477,724	469,574
Pag-IBIG Contributions	70,100	74,700
	2,279,794	1,993,157
<i>Other Personnel Benefits</i>		
Other Personnel Benefits	2,940,429	3,889,408
	2,940,429	3,889,408
Total	40,183,210	45,101,822

The other personnel benefits pertain to the money value of leave credits that were earned by LIBI personnel.

23. MAINTENANCE AND OTHER OPERATING EXPENSES

	2023	2022
Traveling Expenses	2,779,572	2,028,484
Training and Scholarship Expenses	1,382,665	922,107
Supplies and Materials Expenses		
Office Supplies Expenses	948,568	725,770
Semi-Expendable Machinery and Equipment	459,315	24,330
Accountable Forms Expenses	144,393	128,559
Semi-Expendable Furniture, Fixtures & Books Expense	25,423	0
Non-Accountable Forms	15,779	9,795
	1,593,478	888,454
Utility Expenses		
Electricity Expenses	989,261	1,416,155
Water Expenses	250,441	149,953
	1,239,702	1,566,108
Communication Expenses		
Internet Subscription Expenses	6,122,758	2,120,051
Postage and Courier Services	614,300	462,557
Telephone Expenses	315,656	651,632
	7,052,714	3,234,240
Professional Fees		
Auditing Service	1,101,250	990,042
Other Professional Services	787,954	1,618,917
Legal Services	240,000	240,000
Consultancy Services	33,333	52,500
	2,162,537	2,901,459
Other General Services		
Other General Services	4,495,651	458,722

Security Services	541,109	363,412
	5,036,760	822,134
Repairs and Maintenance		
Repairs and Maintenance-Machinery and Equipment	475,462	420,575
Repairs and Maintenance-Transportation Equipment	424,174	314,010
Repairs and Maintenance-Furniture, Fixture and Books	0	5,457
Repairs and Maintenance-Semi-Expendable Machinery and Equipment	0	1,000
	899,636	741,042
Taxes, Insurance Premium and Other Fees		
Taxes, Duties and Licenses	3,293,287	2,513,338
Insurance Expenses	2,150,302	2,094,775
	5,443,589	4,608,113
Other Maintenance and Operating Services		
Directors' and Committee Members' Fees	4,292,000	5,205,700
Representation Expenses	4,236,360	3,821,355
Subscription Expenses	1,201,065	696,096
Rent/Lease Expenses	257,325	270,110
Extraordinary and Miscellaneous Expenses	175,167	327,546
Advertising, Promotional and Marketing	166,324	50,000
Donation	110,286	100,911
Membership Dues and Contribution to Organizations	12,000	12,000
Other Maintenance and Operating Expenses	5,810,238	4,726,865
	16,260,765	15,210,583
Total	43,851,418	32,922,724

The Other Maintenance and Operating Expenses comprise of personal protective equipment/supplies such as face masks and alcohol, housekeeping, and material expenses, plannings, sports and development expense and other supplies and material expenses like the corporate giveaways and other expenses of small value in the Petty Cash Fund that do not fall under the definition or not included in the existing COA's Revised Chart of Account.

24. FINANCIAL EXPENSES

	2023	2022
Other Financial Charges	280,550	405,144
Bank Charges	24,894	24,290
Total	305,444	429,434

Other Financial Charges pertain to broker's fee and other incidental charges in the placement or sale of investment securities.

25. NON-CASH EXPENSES

	2023	2022
Depreciation (Note 11)		
Depreciation-Building	905,298	905,298



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
Corporate Government Audit Sector
Cluster 1 – Banking and Credit

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

LBP Insurance Brokerage, Inc.
12th Floor, Sycip Law Center,
105 Paseo De Roxas,
Legaspi Village, Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **LBP Insurance Brokerage, Inc. (LIBI)**, a wholly-owned subsidiary of Land Bank of the Philippines, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including material accounting policy information.

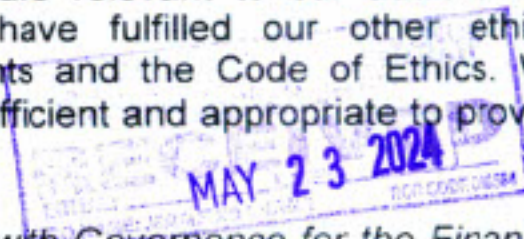
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LIBI as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the LIBI in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management



Depreciation-Office Equipment	849,302	1,706,051
Depreciation-Motor Vehicle	610,518	610,518
Depreciation-Information and Communication Technology	586,770	543,794
Depreciation-Furniture and Fixtures	107,825	177,233
	3,059,713	3,942,894
<i>Amortization</i>		
Amortization-Intangible Assets (Note 11)	1,798,669	908,947
<i>Impairment Loss</i>		
Impairment Loss-Receivables (Note 6)	1,822,481	1,617,074
Impairment Loss-investment in Bonds-Local (Note 9)	0	76,870
	1,822,481	1,693,944
Total	6,680,863	6,545,785

26. NON-OPERATING INCOME, GAINS OR LOSSES

26.1 Other Non-Operating Income

	2023	2022
Other Non-Operating Income		
Rental income	0	19,214
Donation in kind	0	35,165
Miscellaneous Income	2,394,282	905,096
Total	2,394,282	959,475

The miscellaneous income account consists of the yearly guarantee fee being paid by LLFC in consideration of the Deed of Assignment of LIBI's investments as stated in Note 9. The miscellaneous income also includes the two per cent processing fee for the unexpired premium refunds of CLI loan borrowers processed during the year.

26.2 Other Comprehensive Income/(Loss)

	Remeasurement on Retirement Benefit Obligation
Balance, January 1, 2022	0
Add/(Deduct): Transactions during the year	2,801,169
Balance, December 31, 2022	2,801,169
Add/(Deduct): Transactions during the year	0
Balance, December 31, 2023	2,801,169

Pending the response the GCG regarding the joint letter request for clarification on the Retirement Benefit Plans of LBP Subsidiaries emailed to GCG on May 23, 2023 with a follow-up letter dated January 10, 2024, the yearly valuation of LIBI's Retirement Fund was suspended resulting to no movement in the Other Comprehensive Income/(Loss) account.

27. INCOME TAX EXPENSE

The provision for/ (benefit from) income tax consists of the following:

	2023	2022
Income tax expense	41,936,274	69,995,362
Income tax benefit	(455,620)	(423,486)
	41,480,654	69,571,876

The income tax benefit is computed as follows:

	2023	2022
Impairment loss- loans and receivables	1,822,481	1,617,074
Impairment Loss-Expected Credit Loss	0	76,870
Total	1,822,481	1,693,944
Income tax rate	25%	25%
Income tax benefit	455,620	423,486

Reconciliation of income before income tax against taxable income is as follows:

	2023	2022
Income before income tax	227,506,743	320,817,230
Non-deductible expenses		
Impairment loss-loans and receivables	1,822,481	1,617,074
Expected Credit Loss	0	76,870
Non-taxable income and income subjected to final tax:		
Interest income (Note 21)	(61,584,129)	(42,529,727)
Net taxable income	167,745,095	279,981,447
Income tax rate	25.00%	25.00%
Income Tax Expense	41,936,274	69,995,362

The adoption of PFRS 15 has no impact on tax liabilities, thus, the computation of income tax was based on the 2023 taxable income of P356,806,434 that resulted to a permanent/temporary difference of P47,265,335. The amount of temporary difference was then recorded as Deferred Tax Asset as shown below:

	Net Income Per Book	Permanent/Temporary Difference	Taxable Gross Income
Gross Fees and	268,146,163	217,812,603	485,958,766

Commission Income			
Less: Other Discounts/Cost of Services	(13,596,896)	(28,751,264)	(42,348,160)
Net	254,549,267	189,061,339	443,610,606
Add: Other Income	2,394,282	0	2,394,282
Total Gross Income	256,943,549	189,061,339	446,004,888
Less: Itemized Deductions	89,198,454	0	89,198,454
Taxable Income	167,745,095	189,061,339	356,806,434
Tax Rate	25%	25%	25%
Tax Due	41,936,274	47,265,335	89,201,609

The Deferred tax asset is computed as follows:

	2023	2022
Balance, beginning of year	4,011,348	4,190,505
Less: Reversal of deferred tax asset for PY 2022 and 2021 due to subsequent collection of Accrued Fees (Note 20)	(385,411)	(602,643)
Reversal of deferred tax asset for PY2022 for the matured investment in Bonds – DBP Tier	(101,854)	0
Sub-total	3,524,083	3,587,862
Add: Income tax benefit for CY2022 (1,822,481 x 25%) Note 27	455,620	0
Add: Permanent/Temporary difference as a result of the adoption of PFRS 15	47,265,335	0
Income tax benefit for CY2022 (1,693,944 x 25%)	0	423,486
Deferred Tax Asset, December 31	51,245,038	4,011,348

Income tax benefits shall be deducted from the LIBI's future tax obligations to the extent of the amount of provision for accrued service fees receivable that will have no economic benefits to the Corporation.

28. COMPLIANCE WITH THE INSURANCE COMMISSION (IC) CIRCULAR LETTER (LC) NOS. 2018-52 AND 2021-65

The following are the required disclosures by the IC from insurance/reinsurance brokers:

Net Worth Compliance

The Company is required to comply with the minimum net worth requirement for an insurance broker amounting to P25,000,000 per IC CL No. 2018-52. As of December 31, 2023, the LIBI's net worth of P1,471,596,134 is compliant with the minimum net worth requirement set forth by the IC.

Fiduciary Ratio

The Company is required to comply with the fiduciary ratio requirement per IC CL No. 2021-65. The fiduciary ratio is a measure to assess the Company's conduct of handling premiums from the policyholder (if insurance broker) or ceding company (if reinsurance

broker), given that a broker is expected to be acting on a fiduciary capacity. The fiduciary ratio is computed by dividing the total fiduciary assets (either cash or receivables being held by an insurance and/or reinsurance broker, over the total fiduciary liabilities). The fiduciary ratio to be maintained shall be 1:1.

Amounts used are gross of the commissions, allowances for impairment, taxes, fees and other charges. The fiduciary assets and liabilities used are in accordance with IC-CL No 2021-69 or the Revised Standard Chart of Accounts for insurance and/or Reinsurance Brokers.

Fiduciary Ratio Computation

As of December 31, 2023, the LIBI's fiduciary ratio is computed as follows:

<i>Fiduciary Assets</i>	
Cash in Bank/Clients' monies	357,634,020
Checks and Other Cash Items	614,620
Local Currency on Hand	1,500
Accounts Receivable	168,616,973
Total	526,867,113
<i>Fiduciary Liabilities</i>	
Insurance/Reinsurance Premium Payable	264,615,103
Customers' Deposit Payable (Note 15)	90,817,036
Accounts Payable (Note 13)	35,224,438
Undistributed Collections (Note 18)	3,090,214
Total	393,746,792
Fiduciary Ratio	1.34: 1

Based on the computation, the LIBI is compliant with the requirement per IC CL No. 2021-65 as of December 31, 2023.

29. SUPPLEMENTARY INFORMATION ON REVENUE REGULATIONS (RR) NO. 15-2010

In compliance with the requirements set forth in RR 15-2010 issued by the Bureau of Internal Revenue (BIR), hereunder are the information on taxes, duties and license fees paid and accrued during the taxable year.

- a. LBP Insurance Brokerage, Inc. is a VAT- registered Corporation with VAT output tax declaration of P54,744,369 based on actual collections during the year of fees and commission amounting to P456,203,080. Actual VAT paid for the year amounted to P51,894,771 after applying Input Tax of P2,840,173 and creditable withholding tax of P9,425. The VAT payable of P3,619,911 (Note 14) was remitted in the following month/year. Government VAT of P798,457 withheld from payments to

suppliers of goods and services was also remitted to the BIR within the reglementary period.

Changes in the balance of the input tax are as follows:

Balance, beginning of year		640,278
Current year's purchases:		
Capital goods	534,821	
Goods other than for resale or manufacture	365,245	
Services lodged under other accounts	2,360,435	
Input taxes claimed for the year	(2,840,173)	420,328
Balance, end of year		1,060,606

Other taxes and licenses recorded under the Taxes and licenses account (Note 23) are as follows:

Local		
Mayor's permit		3,070,365
Real property tax		188,050
Community Tax		10,500
		3,268,915
National		
Renewal of Insurance Commission License		15,150
Registration of motor vehicle at LTO		7,592
Certification of 2022 Audited Financial Statements		500
BIR Registration		500
BIR annual registration		500
Document stamp and Tax Clearance		130
		24,372
		3,293,287

b. The income taxes/withholding taxes paid/accrued for the year amounted to:

Corporate tax		
Income Tax		20,363,719
Creditable withholding tax at source (paid in advance by		
LIBI and used as tax credits)		53,627,634
		73,991,353
Tax on compensation and benefits		2,748,214
Expanded withholding tax from suppliers		7,221,439
		83,961,006

Reconciliation of the corporate tax paid for the year is as follows:

Net fees and commission income (Note 21)	443,610,606
Other non-operating income (Note 26.1)	2,394,282
Total	446,004,888
Allowable deductions (Note 22 to 22 excluding impairment loss)	89,198,454

Total Taxable income	356,806,434
Tax rate	25%
Tax due (Note 27)	89,201,609
Tax credits/payments	
Prior years excess credits	205,439
Tax payments 1 st to 3 rd quarter 2023	20,363,719
Creditable withholding tax at source used in previous quarters	53,627,635
Creditable withholding tax BIR Form 2307 for the 4 th quarter	13,862,028
Total tax credits/payments	88,058,821
<i>Tax still due (excess credits) after application of 4th quarter tax</i>	<i>1,142,788</i>

30. SUPPLEMENTARY INFORMATION REQUIRED UNDER REVISED SECURITIES REGULATION CODE (SRC) RULE 68

The financial soundness indicators of LIBI are as follows:

	2023	2022
Current Ratio	1.75	1.57
Quick Ratio	0.92	0.60
Solvency Ratio	0.29	0.64
Debt to Equity Ratio	0.45	0.27
Asset to Equity Ratio	1.45	1.27
Gross Profit Margin	1.00	1.00
Return on Average Assets	0.09	0.14
Return on Average Equity	0.14	0.18

Return on Average Equity (ROE) for CY2023 is 13.58 per cent, while Return on Average Asset (ROA) is 9.31 per cent. Compared to last year's ROE of 18.27 per cent and ROA of 14.04 per cent, both declined by 25.67 per cent and 33.69 per cent, respectively, because of the adoption of PFRS 15 in CY 2023. The per capita income is P3.21 million, lower by 25.52 per cent or P1.10 million compared to the per capita income of P4.31 million last year due to the recognition of unearned fees and commission income pertaining to CLI premium produced during the year.

31. RELATED PARTY DISCLOSURES

The financial statements include various transactions with its parent and affiliated companies. The more significant related party transactions, arising from normal course of business include the following:

- a. To defray expenses in the appraisal, inspection of property to be insured and other administrative matters such as collection of insurance premium payments of insured properties; handling fees are given to LBP and LBP subsidiaries. In adherence to the PFRS 15 for the current year, handling fee accrued and payable to LBP subsidiaries reached P13,596,896 (Note 21). A total of P15,634,825 was remitted to LBP Head Office Cash Department and P94,105 to LBP Leasing and Finance

Corporation in September. The remaining Other Financial Liability-Handling Fee of P5,680,180 (Note 13) will be remitted in March 2024.

b. Compensation of key management personnel for 2023 and 2022 are as follows:

	2023	2022
For the President and General Manager		
Total salaries and wages	2,354,104	3,978,633
Total short-term employee benefits (RA, PEI, SRI, per diem, bonuses)	2,388,699	4,256,077
	4,742,803	8,234,710
For Corporate officers who are employees of the parent, LBP:		
Total short-term employee benefits (per diems and reimbursable expenses)	470,000	329,540
	5,212,803	8,564,250

c. A Trust Agreement was made and entered into by and between LBP Insurance Brokerage, Inc. (LIBI) and LBP – Trust Banking Group (LBP-TBG) on July 18, 2011 thereby appointing the latter as the Trustee of the LIBI's Retirement Benefit Plan. The essential terms and conditions of the agreement are as follows:

- The Trustor (LIBI) shall deliver and pay to the Trustee such sums representing the annual contributions of the Trustor as provided in the Plan, starting with the contribution for the PY2021 in the amount of PESOS: Ten Million One Thousand Pesos (P10,001,000.00).
- The Trustor hereby waives all its rights and interest to the money or properties which are and will be paid or transferred to the Fund, to the extent required to provide the benefits pursuant to the Plan.
- The Trustee shall hold the title to the Fund to be held in trust for the purpose stated in and subject to all the terms and conditions of the Agreement as well as the Plan, which shall be deemed part of this Agreement. The Trustee shall invest and re-invest the Fund, together with all increments and proceeds in fixed-income government securities like Treasury Bills or Notes, Agrarian Reform Bonds, Retail Treasury Bonds, BSP Special Deposit Account and other financial instruments duly guaranteed by the Republic of the Philippines; deposit arrangements/special deposit account with reputable banks including the Trustee's own commercial banking sector; and common or preferred shares of stocks, bonds or note issued by blue-chips private and government-owned corporations. Other investment outlets shall require prior written approval of the Trustor.
- To cause any asset acquired from the investment/reinvestment of the Fund to be held, registered and issued in its own name as Trustee or in the name of its nominee, provided, that the books and records of the Trustee shall at all times show that all such properties are part of the Fund. To pay all costs,

fees, charges and such other expenses connected with the investments, administration, reservation and maintenance of the Fund and to charge the same to the Fund.

- In the management of the fund, the Trustee shall pay to the beneficiaries the benefits under the Plan upon written advice of the Trustor. To keep and maintain books of accounts and/or records of the management and operations of the Fund, which the Trustor or its authorized representative may inspect from time to time. At the end of every calendar quarter, to submit the financial reports, investment activity reports or such other reports as may be requested by the Trustor. The Trustee shall administer the funds held in trust with such degree of skill and care as a prudent man would exercise in the conduct of an enterprise of like character and with similar aims.
- For its services, the Trustee shall be entitled to a fee equivalent to 0.75 per cent per annum of the average total assets of the Fund, computed daily and collected at the end of each quarter. The Trustee is hereby authorized to debit its fees from the Fund. The above fee is quoted with the understanding that the same may be reviewed at the request of either party and adjusted in a mutually satisfactory basis.
- Except for fraud, bad faith or gross negligence, the Trustee shall not be liable for any losses or depreciation in the value of the Fund resulting from investments or reinvestments thereof as authorized herein, or from the performance of any act in accordance with the provision of the Agreement. This Agreement shall not guarantee a yield, return of income on the investment/reinvestments of the Fund as the same can fall as well as rise depending on prevailing market conditions and is not covered by Philippine Deposit Insurance Corporation. Losses, if any, shall be for the account of the Trustor (pursuant to Section X409.1 of the Manual of Regulations for Banks-Part IV).
- The Agreement shall remain in full force and effect until the termination of the Plan unless sooner terminated by either party hereto by giving thirty days advance notice to the other.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

LIBI recognizes the importance of an effective financial risk management program, and a Risk Management Manual was finalized and approved by the members of the Board in 2009.

The objective of the Manual is to serve as basis and reference for consistent risk management that is applicable to all employees of LIBI. It aims to create a culture of risk-awareness, not risk-aversion based on the prudential framework required by BSP circulars. It provides a general set of risk principles delegated to each business unit through its reporting and approval procedures.

An Audit and Risk Management Committee was created to be primarily responsible for the development and oversight of the risk management programs of LIBI which include oversight of management functions and approval of proposals regarding LIBI's policies, procedures and best practices relative to asset and liability management, credit, market and business operations risks ensuring that: (a) insurance requirements of its parent, LBP, and their lending units are passed on to LIBI; (b) system of limits remain effective; and (c) immediate corrective actions are taken whenever limits are breached or whenever necessary.

As part of identification risk, the following are classified as major risks that LIBI manages in the course of its business.

Market Risk

Market risk can be generally defined as risk of loss, immediate or over time, due to adverse, fluctuations in price or market value of instruments, products and transactions in LIBI's overall portfolio. Market risks are central focus of risk measurement methodologies and limits, as well as gauge by which LIBI can determine the returns it will require for its activities.

The net premium volume produced during the year reached P1,881,815,893 representing an increase of 15.99 per cent or P259,368,228 compared to last year's net premium volume of P1,622,447,665. This was primarily due to the increase in the Credit Life Insurance (CLI)/Mortgage Redemption Insurance (MRI) of LBP Branch Loan Borrowers with a share of 56.93 per cent or P1,071,279,216 from the total premium produced this year.

Net fees and commission income from insurance brokering for the year of P254,549,267 was 29.75 per cent or equivalent to P107,778,526 lower compared to last year's 362,327,793 net service fees (Note 21) due to the adoption of PFRS 15.

LIBI, as a subsidiary of LBP, has already a captured LBP as market for its products and services. Nonetheless, LIBI continues to intensify its campaign to solicit more direct business from private corporations and other government entities.

Liquidity Risk

It is the risk that LIBI will be unable to make a timely payment of any of its financial obligations to customers or counterparties in any currency.

Prudent liquidity risk management implies sufficient cash and cash equivalents and marketable securities. Insurance cash inflows from operations and readily marketable government securities investments provide the bulk of LIBI's liquidity buffer.

Interest Rate Risk

This is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LIBI's fixed rate investments in held-to-maturity investments are exposed to such risk. Interest income derived from investments and

savings deposits this year of P61,584,129 is higher by 44.80 per cent or equivalent to P19,054,402 compared to last year's interest income of P42,529,727 (Note 21).

It is the policy of LIBI to invest excess funds in government securities (GS) where the servicing and repayments are fully guaranteed by the government. The investment in GS may be placed with the LBP Treasury and Investment Banking Group or LBP-TBG.

LIBI's Investment Committee observes diversified GS portfolio, varied maturity spectrum and optimum yields in deciding the type and term of investment. When yields of GS are expected to go down, LIBI buys long-term GS in order to lock-in on high yielding GS. Conversely, when yields are expected to go up, it buys short-term GS to stay liquid and be able to switch to high yielding GS when rates start to pick up.

LIBI's principal financial instruments comprise of cash deposits, held-to-maturity investments consisting primarily of investment in government securities like Treasury Bills, Retail Treasury Bonds, Fixed Treasury Notes (Note 9). These are not subjected to mark-to-market valuation.

Total investments as at December 31, 2023 was P1,340,817,266 which was 62.93 per cent of the LIBI's total assets of P2,130,575,851. Liquid assets of P459,009,116 were 9.21 times the current liabilities of P498,178,463.

The table below summarizes the Maturity Profile of the Corporation's Assets and Liabilities.

	2023			2022		
	Due within 1 year	Due beyond 1 year	Total	Due within 1 year	Due beyond 1 year	Total
ASSETS						
Cash and Cash equivalents	459,009,116	0	459,009,116	235,637,099	0	235,637,099
Receivables, net	225,861,504	1,589,383	227,450,887	127,149,634	1,591,783	128,741,417
Inventories	452,346	0	452,346	361,099	0	361,099
Investments	180,129,317	1,160,687,949	1,340,817,266	234,072,742	1,212,674,872	1,446,747,614
Investment Property	0	998,316	998,316	0	998,316	998,316
Property and Equipment, net	0	21,295,395	21,295,395	0	20,759,675	20,759,675
Intangible Assets, net	0	6,842,184	6,842,184	0	8,640,853	8,640,853
Deferred Tax Assets	0	51,245,038	51,245,038	0	4,011,348	4,011,348
Other Assets	21,972,919	492,384	22,465,303	21,266,286	507,821	21,774,107
Total Assets	887,425,202	1,243,150,649	2,130,575,851	618,486,860	1,249,184,668	1,867,671,528
LIABILITIES						
Financial Liabilities	309,415,949	0	309,415,949	233,555,792	0	233,555,792
Inter-agency Payables	19,151,195	0	19,151,195	18,034,268	0	18,034,268
Trust Liabilities	90,888,836	74,000	90,962,836	127,080,310	76,000	127,156,310
Unearned Fees and	61,341,789	156,470,814	217,812,603	0	0	0

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LIBI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the LIBI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LIBI to cease to continue as a going concern.

Commission Income						
Provisions	8,498,781	4,256,440	12,755,221	9,998,872	3,332,564	13,331,436
Other Payables	8,881,913	0	8,881,913	6,317,132	0	6,317,132
Total Liabilities	498,178,463	160,801,254	658,979,717	394,986,374	3,408,564	398,394,938
Asset-Liability Gap	389,246,739	1,082,349,395	1,471,596,134	223,500,486	1,245,776,104	1,469,276,590

Credit Risk

- a. Direct Credit Risk is the risk that a customer or counterparty will be unable to pay obligations on time or in full as expected or previously contracted, subjecting LIBI to a financial loss. It lasts for the entire tenor and is set at the full amount of a transaction. The possibility of non-collection of Accounts Receivable within one year is moderate due to intensified collection through faster sending of Statement of Accounts through fax, email, mail, and frequent follow-ups by phone. LIBI's collection rate of 98 per cent for the current year is 1 per cent higher than the 97 per cent collection rate last year.
- b. Management has negotiated with LBP for the advance payment of policies by the branches/lending units.

33. SUBSEQUENT EVENTS AFTER THE REPORTING DATE

- a. On March 14, 2024, the LIBI received a notice of discrepancy related to the Letter of Authority No. eLAAUDM29-047-2023-059483/202200043420 dated October 31, 2023 that LIBI received on November 24, 2023. The notice includes details of tax liabilities discrepancies which the management is in the process of preparing reconciliation schedules to present to the investigating BIR Revenue Officer.
- b. On April 17, 2024, the members of the LIBI's Executive Committee (ExCom) approved the declaration and payment of cash dividend of P247,541,103 representing 75 per cent of the dividend base of P330,054,804 that was based on the Annual Corporate Income Tax Return duly filed with the BIR RDO of LBP Insurance Brokerage, Inc. for the year ended December 31, 2023, a compliance with the requirement of the revised Implementing Rules and Regulations (IRR) of RA No. 7656 or the Government-Owned and Controlled Corporations (GOCC) Dividend Law. Since the letter for the Department of Finance dated April 08, 2024 which the management received on April 11, 2024, required the LIBI to remit 75 per cent of its CY2023 Net Earnings on or before April 19, 2024, the ExCom on April 17, 2024, approved the proposal for the payment of 50 percent or P123,770,552 of the cash dividend to the Bureau of Treasury on April 19, 2024. The proposal of the cash dividend declaration and payment was endorsed by the ExCom for final approval for the LIBI Board of Directors on April 25, 2024 scheduled BOD meeting.
- c. On the same day, April 17, 2024, the proposal for the disposition of Excess Retained Earnings for CY2023 was approved by the members of the LIBI's

ExCom and for approval by the LIBI Board of Directors on April 25, 2025. A total of P170,570,446 appropriations was reversed because the appropriations have been fulfilled while some appropriations did not materialize. Likewise, new appropriations totaling P176,253,862 was proposed.

- d. On April 25, 2024, the LIBI Board of Directors approved both the proposals for the declaration and payment of cash dividend of P247,541,103 payable on instalments, and the disposition of the excess Retained Earnings for CY2023 per Board Resolution Nos. 2024-006-025 and 2024-006-026 dated April 25, 2024, respectively.
- e. The result of above proposals changed the structure of LIBI's Equity as follows:

Share Capital		300,000,000
Retained Earnings		
Appropriated	621,253,862	
Unappropriated	300,000,000	921,253,862
Accumulated Comprehensive Income		2,801,169
Balance as of April 30, 2024		1,224,055,031

Republic of the Philippines
City of Makati

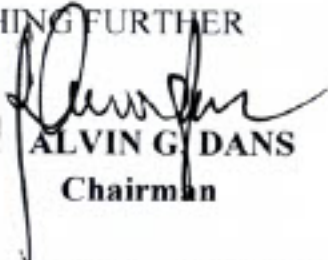
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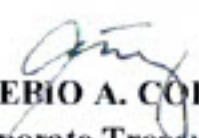
JOINT AFFIDAVIT

ALVIN G. DANS and **EUSEBIO A. CORTEZ**, Filipinos, both of legal ages, with business address c/o LBP INSURANCE BROKERAGE INC. (LIBI), 12th Floor, Sycip Law Centre Building, 105 Paseo de Roxas St., Legaspi Village, Makati City, after having been duly sworn in accordance with law do hereby depose and state that:

1. The undersigned **ALVIN G. DANS** and **EUSEBIO A. CORTEZ**, Chairman of the Board and the Corporate Treasurer, respectively, of LBP Insurance Brokerage, Inc. (LIBI);
2. LIBI is a Government-Owned and Controlled Corporation (GOCC) whose financial statements are audited by the Commission on Audit (COA);
3. The financial statements and the supporting documents for the year 2023 were timely provided to COA during the audit period ergo the audit by COA of the Annual Audit Report of LIBI for the year 2023 has just been concluded;
4. Per Paragraph 1.2 (c) of SEC Memorandum Circular No. 02 series of 2024, LIBI is not governed by the 2024 schedule of filing of annual financial statements and may submit beyond schedule provided an Affidavit is executed and confirmed by the Commission on Audit;
5. We are executing this affidavit to attest the truthfulness of the foregoing and in compliance with the aforestated SEC Memorandum Circular No. 02, Series of 2024.

NOTHING FURTHER


ALVIN G. DANS
Chairman


EUSEBIO A. CORTEZ
Corporate Treasurer

MAY 23 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____ at City of Makati, Philippines.

TIN NO.

ALVIN G. DANS
EUSEBIO A. CORTEZ
LBP INSURANCE BROKERAGE, INC.

180-528-515
199-335-297
000-160-097

Doc. No.: 1165
Page No.: 24
Book No.: XVII
Series of 2024


Notary Public
MA. ESMERALDA R. CUNANAN
Notary Public for and in Makati City
Until December 31, 2025
Appt. No. M-013 (2024-2025) Makati City
Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/valid until 4-14-2025
PTR No. 10074031/1-2-2024/Makati City
IBP Lifetime Member No. 05413
G/F Dela Rosa Carpark I, Dela Rosa
Legaspi Village, Makati City



REPUBLIC OF THE PHILIPPINES
COMMISSION ON AUDIT
LAND BANK OF THE PHILIPPINES

21st Floor, Land Bank Plaza
1598 M.H. del Pilar corner Dr. J. Quintos Sts., Malate, Manila



OFFICE OF THE SUPERVISING AUDITOR

SUPPLEMENTAL WRITTEN STATEMENT OF THE AUDITOR


The Board of Directors

LBP Insurance Brokerage, Inc.
12/F SycipLaw Center,
105 Paseo De Roxas,
Legaspi Village, Makati City

We have audited the financial statements of LBP Insurance Brokerage, Inc. (LIBI), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statement of changes in equity and statements of cash flows for the years then ended, and the notes to financial statements. Accordingly, we transmitted the Audit Report on LIBI for the calendar years ended December 31, 2023 and 2022 on May 15, 2024.

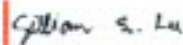
In compliance with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, we are stating that LIBI is a subsidiary of Land Bank of the Philippines of which it owns all the common shares of LIBI as at December 31, 2023.

COMMISSION ON AUDIT


COA Signed
2024-05-16
12:13:44

MARIE FRANCES HAZEL S. ACEBEDO
Supervising Auditor

May 16, 2024





NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE	NUMBER OF SHARES OR PRINCIPAL AMOUNT OF BONDS	AMOUNT SHOWN IN THE BALANCE SHEET	VALUE BASED ON MARKET QUOTATION AT END OF REPORTING PERIOD	INTEREST RECEIVED AND ACCRUED
LBP-RTB				
LBP-RTB	100,000,000.00	100,000,000.00	100,408,273.33	4,899,999.96
LBP-RTB	351,558,000.00	389,719,915.32	352,993,317.57	15,437,776.66
LBP-RTB	30,000,000.00	30,000,000.00	30,120,024.00	840,000.00
LBP-RTB	10,000,000.00	10,000,000.00	10,039,590.67	210,000.00
LBP-RTB	100,000,000.00	100,000,000.00	100,393,660.00	1,773,333.48
LBP-RTB	50,000,000.00	50,000,000.00	50,197,953.33	1,726,666.56
LBP-RTB	142,000,000.00	142,000,000.00	142,562,187.47	5,722,600.08
LBP-RTB	50,000,000.00	50,000,000.00	50,197,953.33	2,449,999.92
	833,558,000.00	871,719,915.32	977,466,234.37	33,060,376.66
		✓		
		✓		
LBP-FXTN	99,289,000.00	99,478,368.58	99,680,489.91	4,399,633.48
LBP-FXTN	200,000,000.00	199,784,025.37	200,787,320.00	9,586,584.07
LBP-FXTN	89,861,000.00	89,705,640.32	90,214,746.81	4,363,101.08
	389,150,000.00	388,968,034.27	390,682,556.72	18,349,318.63
		✓		
LBP - TBILLS	100,998,000.00	100,708,976.73	100,750,607.48	788,863.52
LBP - TBILLS	81,946,000.00	80,129,316.32	80,472,471.89	533,650.83
Total	1,304,654,000.00	1,340,817,265.91	1,448,621,262.98	51,943,346.12

Schedule of Accounts Receivable-Trade for Related Parties which are Eliminated during consolidation of FS
As of December 2023

Schedule B
"Annex 68-E"

PROFIT CENTER	Balance at the end of period	Additions	Total (B+C)	Amount Collected	Balance at the end of period	Current	Not Current	Balance at the end of period
AGUSAN LENDING CENTER	290,857	503,635	794,491	290,857	503,635	503,635	-	503,635
AKLAN LENDING CENTER	-	310,035	310,035	-	310,035	310,035	-	310,035
ALBAY LENDING CENTER	19,135	326,599	345,734	14,688	331,046	326,599	4,447	331,046
AURORA LENDING CENTER	174,366	301,835	476,201	174,366	301,835	301,835	-	301,835
BATAAN LENDING CENTER	-	44,025	44,025	-	44,025	44,025	-	44,025
BATANGAS LENDING CENTER	100,489	4,124,346	4,224,834	100,489	4,124,346	4,124,346	-	4,124,346
BENGUET LENDING CENTER	564,717	1,748,635	2,313,352	564,717	1,748,635	1,748,635	-	1,748,635
BOHOL LENDING CENTER	74,985	49,137	124,123	74,985	49,137	49,137	-	49,137
BUKIDNON LENDING CENTER	2,413,754	3,331,035	5,744,789	2,413,754	3,331,035	3,331,035	-	3,331,035
BULACAN LENDING CENTER	1,303,903	5,925,353	7,229,255	1,265,206	5,964,050	5,925,353	38,697	5,964,050
CAGAYAN DE ORO LENDING CENTER	204,907	3,350,309	3,555,216	204,907	3,350,309	3,350,309	-	3,350,309
CAGAYAN LENDING CENTER	438,597	1,269,564	1,708,161	426,251	1,281,910	1,269,564	12,346	1,281,910
CAMARINES LENDING CENTER	13,815	-	13,815	351	13,464	-	13,464	13,464
CAMARINES NORTE LENDING CENTER	-	7,043	7,043	-	7,043	7,043	-	7,043
CAMARINES SUR LENDING CENTER	31,950	53,965	85,915	31,950	53,965	53,965	-	53,965
CAPIZ LENDING CENTER	683,037	326,060	1,009,096	683,037	326,060	326,060	-	326,060
CARAGA NORTH LENDING CENTER	537,847	1,121,484	1,659,331	537,847	1,121,484	1,121,484	-	1,121,484
CARAGA SOUTH LENDING CENTER	488,072	-	488,072	488,072	-	-	-	-
CAVITE LENDING CENTER	1,004,341	1,076,840	2,081,182	1,002,725	1,078,457	1,076,840	1,617	1,078,457
CEBU NORTH LENDING CENTER	3,059,162	1,753,294	4,812,456	3,053,055	1,759,401	1,753,294	6,107	1,759,401
CEBU SOUTH LENDING CENTER	5,003,851	6,288,094	11,291,946	5,003,851	6,288,094	6,288,094	-	6,288,094
CORDILLERA ADMINISTRATIVE REGION	256,026	313,185	569,210	256,026	313,185	313,185	-	313,185
CORPORATE BANKING DEPT. 1	11,202,827	6,787,144	17,989,971	11,202,827	6,787,144	6,787,144	-	6,787,144
CORPORATE BANKING DEPT. 11	448,226	5,817,099	6,265,325	446,618	5,818,707	5,817,099	1,608	5,818,707
CORPORATE BANKING DEPARTMENT III	-	1,860,171	1,860,171	-	1,860,171	1,860,171	-	1,860,171
DAVAO DEL NORTE LENDING CENTER	63,305	156,408	219,713	63,305	156,408	156,408	-	156,408
DAVAO DEL SUR LENDING CENTER	163,922	104,655	268,577	163,922	104,655	104,655	-	104,655
DAVAO LENDING CENTER	4,842,534	14,568,220	19,410,754	4,842,534	14,568,220	14,568,220	-	14,568,220
GENERAL SANTOS LENDING CENTER	907,651	2,892,493	3,800,144	907,651	2,892,493	2,892,493	-	2,892,493
ILOCOS NORTE LENDING CENTER	-	30,659	30,659	-	30,659	30,659	-	30,659

Schedule of Accounts Receivable-Trade for Related Parties which are Eliminated during consolidation of FS
As of December 2023

Schedule B
"Annex 68-E"

PROFIT CENTER	Balance at the end of period	Additions	Total (B+C)	Amount Collected	Balance at the end of period	Current	Not Current	Balance at the end of period
ILOCOS SUR LENDING CENTER	15,053	2,647	17,700	15,053	2,647	2,647	-	2,647
ILOILO LENDING CENTER	235,905	6,105,303	6,341,208	208,870	6,132,338	6,105,303	27,035	6,132,338
ISABELA LENDING CENTER	302,376	-	302,376	302,376	-	-	-	-
LA UNION-ILOCOS LENDING CENTER	-	59,771	59,771	-	59,771	59,771	-	59,771
LAGUNA LENDING CENTER	224,006	1,585,818	1,809,824	181,143	1,628,681	1,585,818	42,863	1,628,681
LANAO LENDING CENTER	2,034,899	2,884,396	4,919,295	2,034,899	2,884,396	2,884,396	-	2,884,396
LEYTE LENDING CENTER	204,172	645,120	849,292	204,172	645,120	645,120	-	645,120
LOAN RECOVERY DEPARTMENT	982,915	1,062,154	2,045,069	982,915	1,062,154	1,062,154	-	1,062,154
MORTGAGE BANKING DEPARTMENTS	3,113,435	2,965,723	6,079,158	3,018,290	3,060,868	2,965,723	95,145	3,060,868
NEGROS OCCIDENTAL LENDING CENTER	3,297,869	21,386,303	24,684,173	3,294,623	21,389,550	21,386,303	3,247	21,389,550
NEGROS ORIENTAL LENDING CENTER	1,057,613	342,513	1,400,126	1,057,030	343,096	342,513	583	343,096
NORTH COTABATO LENDING CENTER	1,378,542	1,152,681	2,531,222	1,357,105	1,174,117	1,152,681	21,437	1,174,117
NORTHERN ISABELA LENDING CENTER	955,073	615,179	1,570,253	955,073	615,179	615,179	-	615,179
NUEVA ECIJA LENDING CENTER	248,851	820,972	1,069,823	244,309	825,514	820,972	4,542	825,514
NUEVA VIZCAYA LENDING CENTER	31,789	140,579	172,368	31,789	140,579	140,579	-	140,579
OCCIDENTAL MINDORO LENDING CENTER	374,818	534,414	909,232	374,818	534,414	534,414	-	534,414
ORIENTAL MINDORO LENDING CENTER	546,825	965,411	1,512,236	448,389	1,063,847	965,411	98,436	1,063,847
PALAWAN LENDING CENTER	340	31,830	32,169	340	31,830	31,830	-	31,830
PAMPANGA LENDING CENTER	94,906	209,856	304,763	94,906	209,856	209,856	-	209,856
PANGASINAN LENDING CENTER	711,044	920,128	1,631,173	709,223	921,949	920,128	1,821	921,949
PROVIDENT FUND OFFICE	1,399,568	640,748	2,040,316	1,399,568	640,748	640,748	-	640,748
QUEZON LENDING CENTER	34,355	272,036	306,391	34,355	272,036	272,036	-	272,036
QUIRINO LENDING CENTER	65,039	9,338	74,377	51,298	23,079	9,338	13,741	23,079
RIZAL LENDING CENTER	1,094,899	3,777,591	4,872,489	1,094,899	3,777,591	3,777,591	-	3,777,591
SAMAR LENDING CENTER	3,018,586	5,359,551	8,378,136	3,018,586	5,359,551	5,359,551	-	5,359,551
SME LENDING DEPARTMENT (SLD)	1,644,107	4,155,552	5,799,659	1,643,751	4,155,908	4,155,552	356	4,155,908
SORSOGON LENDING CENTER	232,254	25,901	258,155	232,254	25,901	25,901	-	25,901
SOUTH COTABATO LENDING CENTER	435,055	503,632	938,687	399,333	539,354	503,632	35,722	539,354

Schedule of Accounts Receivable-Trade for Related Parties which are Eliminated during consolidation of FS

As of December 2023

Schedule B
"Annex 68-E"

PROFIT CENTER	Balance at the end of period	Additions	Total (B+C)	Amount Collected	Balance at the end of period	Current	Not Current	Balance at the end of period
SOUTHERN ISABELA LENDING CENTER	10,316	155,802	166,118	10,316	155,802	155,802	-	155,802
SOUTHERN LEYTE LENDING CENTER	161,080	55,989	217,069	161,080	55,989	55,989	-	55,989
SULTAN KUDARAT LENDING CENTER	61,328	260,214	321,542	61,328	260,214	260,214	-	260,214
SURIGAO DEL SUR LENDING CENTER	133,138	53,214	186,352	133,138	53,214	53,214	-	53,214
TARLAC LENDING CENTER	773,147	1,046,469	1,819,615	771,095	1,048,520	1,046,469	2,051	1,048,520
TRUST MARKETING DEPARTMENT	677,481	677,481	1,354,962	677,481	677,481	677,481	-	677,481
UNDER CONSERVATORSHIP	41,797,679	-	41,797,679	-	41,797,679	-	41,797,679	41,797,679
ZAMBALES LENDING CENTER	131,864	1,174,291	1,306,155	131,864	1,174,291	1,174,291	-	1,174,291
ZAMBOANGA LENDING CENTER	319,331	384,216	703,547	319,331	384,216	384,216	-	384,216
ZAMBOANGA DEL NORTE LENDING CENTER	87,680	-	87,680	87,680	-	-	-	-
ZAMBOANGA DEL SUR LENDING CENTER	182,374	101,008	283,381	182,374	101,008	101,008	-	101,008
sub-totals	102,361,986	125,525,153	227,887,140	60,139,045	167,748,095	125,525,153	42,222,942	167,748,095
Customer Related Parties								
DIRECT ACCOUNTS	37,443	93,295	130,738	33,343	97,395	95,411	1,984	97,395
LBP LEASING CORPORATION	2,435,114	652,425	3,087,539	2,385,388	702,151	652,425	49,726	702,151
LBP RESOURCES & DEVELOPMENT CORP	147,629	67,706	215,335	146,002	69,333	67,706	1,627	69,333
sub-totals	2,620,187	813,425	3,433,612	2,564,733	868,878	815,541	53,337	868,878
Grand Totals-AR-12.31.2023	104,982,173	126,338,578	231,320,751	62,703,778	168,616,973	126,340,694	42,276,279	168,616,973

Prepared by:

MYRA A. BAYONETA
Collection Specialist 11

Noted by:

SHIRLEY A. PALAPAL
Accounting Head

ANNEX 68-C
RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
As of December 31, 2023

LBP (Land Bank of the Phils.) Insurance Brokerage, Inc.
12/ F SSHG Law Centre Bldg., 105 Paseo De Roxas,
Legaspi Village, Makati City 1209

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		250,904,975
Add: Net Income actually earned/realized during the period		
Net Income during the period closed to Retained Earnings	<u>267,604,825</u>	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents) Unrealized actuarial gain	-	
Fair value adjustment (M2M) gains	-	
Adjustment due to deviation from PFRS/GAAP-gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Sub-total	<u>-</u>	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP-loss	-	
Impairment Loss-Loans and Receivable	1,822,481	
Loss on fair value adjustment of investment property (after tax)	-	
	<u>1,822,481</u>	
Add: Net Income actually earned/realized during the period		269,427,306
Add(Less):		
Declaration of Cash Dividend	(151,604,034)	
Fees and commission refund adjustments	(85,128,094)	
Other adjustments	1,972,297	
Recovery of incidental charges related to fees and commission refunds	<u>51,053,286</u>	<u>(183,706,545)</u>
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND		<u>336,625,736</u>

Certified Correct by:


SHIRLEY A. PALAPAL
Accounting Head

Noted by:

CHERRY MAY T. FREDERICK
Acting President and CEO

ANNEX 68.1-M SCHEDULES

**LBP INSURANCE BROKERAGE INC,
CAPITAL STOCK (1)
As of December 31, 2023**

SCHEDULE K

Title of Issue (2)	Number of Shares authorized (common stock)	Number of shares issued and outstanding at shown under related balance sheet caption (common stock)	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties (3)	Directors	Others
LBP Insurance Brokerage, Inc.	3,000,000	3,000,000	-	2,999,990	LandBank of the Philippines	-
				1	Alvin G. Dans	
				1	Cherry May T. Frederick	
				1	Reynauld R. Villafuerte	
				1	Jennifer Tantan	
				1	Pamela B. Felizarta	
				1	Eusebio A. Cortez	
				1	Benjamin G. Salanatin	
				1	Alberto R. Morales	
				1	Ricky T. Bacolod	
				1	Benilda Fatima R. Abuy	

Related Parties
Customer Related
TOTAL NUMBER OF SHARES

2,999,990
10
3,000,000

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.


We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other 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 required under the Revenue Regulations 15-2010 in Note 29 and the Revised Securities Regulation Code Rule 68 in Note 30 to the 2023 financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the Securities and Exchange Commission, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT




MARIE FRANCES HAZEL S. ACEBEDO
Supervising Auditor

April 16, 2024

LBP INSURANCE BROKERAGE, INC.
Financial Soundness Indicators
Year 2023

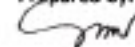
FINANCIAL SOUNDNESS

		2023		2022	
		AMOUNT	RATIO	AMOUNT	RATIO
LIQUIDITY RATIOS:					
CURRENT RATIO:					
	CURRENT ASSET	887,425,202	=	618,486,860	=
	CURRENT LIABILITY	498,178,463		394,986,374	
			<u>1.78</u>		<u>1.57</u>
QUICK RATIO:					
	CASH OR NEAR CASH ITEMS	459,009,116	=	235,637,099	=
	CURRENT LIABILITY	498,178,463		394,986,374	
			<u>0.92</u>		<u>0.60</u>
SOLVENCY RATIO:					
	NET INCOME AFTER TAX + DEPRECIATION	190,884,471	=	256,097,194	=
	TOTAL LIABILITIES	658,979,717		398,394,938	
			<u>0.29</u>		<u>0.64</u>
DEBT TO EQUITY RATIO:					
	TOTAL LIABILITIES	658,979,717	=	398,394,938	=
	TOTAL EQUITY	1,471,596,134		1,469,276,590	
			<u>0.45</u>		<u>0.27</u>
ASSET TO EQUITY RATIO:					
	TOTAL ASSET	2,130,575,851	=	1,867,671,528	=
	TOTAL EQUITY	1,471,596,134		1,469,276,589	
			<u>1.45</u>		<u>1.27</u>
PROFITABILITY RATIOS:					
GROSS PROFIT MARGIN:					
	Revenue - CO65	318,527,678	=	405,816,995	=
	Revenue	318,527,678		405,816,995	
			<u>1.00</u>		<u>1.00</u>
RETURN ON AVERAGE ASSETS:					
	NET INCOME	186,026,089	=	251,211,871	=
	AVERAGE TOTAL ASSETS	1,999,123,690		1,809,027,801	
			<u>0.09</u>		<u>0.14</u>
RETURN ON AVERAGE EQUITY:					
	NET INCOME	186,026,089	=	251,245,353	=
	AVERAGE EQUITY	1,470,436,362		1,390,660,640	
			<u>0.13</u>		<u>0.18</u>

LBP INSURANCE BROKERAGE, INC.
AGING OF INSURANCE/REINSURANCE PREMIUM PAYABLE
AS OF DECEMBER 31, 2023

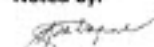
INSURANCE	BALANCE 12.31.22	ADDITIONS	LECTED/MATCHED/ADJUS	REMITTED	BALANCE 12.31.23	CURRENT	NON CURRENT	T6TAL
ALLIED INSURANCE CORPORATION	848,964.84	613,774.23	189,136.56	963,818.64	309,783.87	-	309,783.87	309,783.87
ALPHA INSURANCE & SURETY CO., INC	3,094,849.60	39,330,634.49	15,560,282.81	19,236,136.53	7,629,064.75	7,629,064.75	-	7,629,064.75
ASIA INSURANCE CORPORATION	7,291,644.50	35,355,582.84	22,220,759.10	17,062,963.44	3,363,504.80	3,363,504.80	-	3,363,504.80
BENLIFE	40,991,179.84	1,127,952,277.11	344,832,063.86	782,256,977.72	41,854,415.37	41,854,415.37	-	41,854,415.37
BETHEL INSURANCE	6,386,620.43	151,295,566.88	31,751,672.10	79,799,060.57	46,131,454.64	46,131,454.64	-	46,131,454.64
BPI/MS INSURANCE	1,450.49	-	1,450.49	-	-	-	-	-
CIBELES INSURANCE	-	155,916.62	28,644.37	32,491.45	94,780.80	94,780.80	-	94,780.80
CLIMBS	-	2,397,697.75	574,245.75	1,823,452.00	-	-	-	-
COMMONWEALTH INSURANCE	3,161.20	547,958.35	198,882.46	282,087.74	70,149.35	66,988.15	3,161.20	70,149.35
CHARTER	508,455.67	1,984,207.30	2,422,174.85	-	70,488.12	-	70,488.12	70,488.12
COCOGEN	989,821.97	51,401,303.43	11,636,168.47	21,020,554.93	19,734,402.00	19,734,402.00	-	19,734,402.00
EMPIRE	16,851.29	9,060.32	8,040.02	18,980.01	14,971.62	1,437.33	13,534.29	14,971.62
FORTUNE GENERAL INSURANCE	3,033,842.02	23,243,540.14	13,721,047.69	10,920,122.23	1,636,212.24	1,632,940.03	3,272.21	1,636,212.24
INTRA STRATA	11,399.21	2,074,773.01	500,901.75	559,165.79	1,026,104.68	1,026,104.68	-	1,026,104.68
MAA	923,430.94	12,195,298.99	2,474,717.90	8,843,948.95	1,800,063.08	1,800,063.08	-	1,800,063.08
MALAYAN INSURANCE	5,756,490.63	27,961,605.93	14,799,475.37	13,084,390.69	5,834,230.50	5,834,230.50	-	5,834,230.50
MERCANTILE	2,566,416.97	1,666,217.72	1,048,295.96	2,671,314.41	513,024.32	450,457.50	62,566.82	513,024.32
ORIENTAL	807,831.32	4,907,599.24	2,076,941.66	3,636,873.66	1,615.24	-	1,615.24	1,615.24
PACIFIC UNION INSURANCE	905,001.99	62,145,538.95	35,727,908.18	18,498,760.92	8,823,871.84	8,823,871.84	-	8,823,871.84
MILESTONE INSURANCE	2,393,319.71	59,689,943.30	13,588,533.74	34,584,547.68	13,910,181.59	13,795,698.93	114,482.66	13,910,181.59
PERLA	2,240,377.24	16,426,476.76	5,196,781.88	12,524,888.98	945,183.14	860,037.06	85,146.08	945,183.14
PHILAM	45,223,691.39	-	39,976.40	113,778.95	45,069,936.04	-	45,069,936.04	45,069,936.04
PHILIPPINE BRITISH	11,524,135.81	35,364,317.64	12,430,975.77	27,344,511.88	7,112,965.80	6,586,553.36	526,412.44	7,112,965.80
PHILIPPINE CROP	-	1,626,907.60	440,114.56	1,186,793.04	-	-	-	-
PHILIPPINES FIRST	2,447,719.79	18,265,306.62	3,375,941.74	14,710,888.36	2,626,196.31	2,533,913.40	92,282.91	2,626,196.31
PHILIPPINE LIFE	608,295.16	36,675,143.67	11,033,506.48	25,476,111.28	773,821.07	773,821.07	-	773,821.07
PHILIPPINE PHOENIX	1,496,246.92	-	-	-	1,496,246.92	-	1,496,246.92	1,496,246.92
PIONEER INSURANCE & SURETY CORP	18,113,064.58	243,888,955.52	91,077,542.78	147,348,634.07	23,575,843.25	23,575,843.25	-	23,575,843.25
PREMIER INSURANCE	261,645.71	27,097,134.42	5,782,516.60	14,446,380.14	7,129,883.39	7,129,860.55	22.84	7,129,883.39
PRUDENTIAL GUARANTEE & ASS. CORI	8,515,636.58	22,478,633.68	6,716,924.58	23,914,168.23	363,177.45	363,177.45	-	363,177.45
STANDARD INSURANCE	880,330.32	29,374,111.81	7,553,830.52	13,524,919.68	9,175,691.93	9,175,691.93	-	9,175,691.93
STRONGHOLD INSURANCE CO., INC	2,329,260.61	42,226,450.81	14,655,889.36	18,570,264.08	11,329,557.98	11,329,557.98	-	11,329,557.98
STERLING INSURANCE	-	8,113,776.34	1,478,857.32	4,667,912.95	1,967,006.07	1,967,006.07	-	1,967,006.07
PHIL PRUDENTIAL LIFE	231,275.12	-	-	-	231,275.12	-	231,275.12	231,275.12
UNITED COCONUT PLANTERS LIFE	-	20,464.35	2,297.16	18,167.19	-	-	-	-
	170,402,411.85	2,086,486,175.82	673,130,418.20	1,319,143,066.19	264,615,103.28	216,534,876.52	48,080,226.76	264,615,103.28
	170,402,411.85				264,615,103.28			264,615,103.28

Prepared by:



MARITES B. RAVELO
Financial Account Specialist II

Noted by:



SHIRLEY A. PALAPAL
Accounting Head

LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	5	459,009,116	235,637,099
Receivables, net	6	225,861,504	127,149,634
Inventories	7	452,346	361,099
Investments	9	180,129,317	234,072,742
Other Current Assets	8	21,972,919	21,266,286
Total Current Assets		887,425,202	618,486,860
Non-Current Assets			
Receivables, net	6	1,589,383	1,591,783
Investments	9	1,160,687,949	1,212,674,872
Investment Property	10	998,316	998,316
Property and Equipment, net	11	21,295,395	20,759,675
Intangible Assets	12	6,842,184	8,640,853
Deferred Tax Assets	27	51,245,038	4,011,348
Other Non-Current Assets	8	492,384	507,821
Total Non-Current Assets		1,243,150,649	1,249,184,668
Total Assets		2,130,575,851	1,867,671,528
LIABILITIES			
Current Liabilities			
Financial Liabilities	13	309,415,949	233,555,792
Inter-Agency Payables	14	19,151,195	18,034,268
Trust Liabilities	15	90,888,836	127,080,310
Unearned Fees and Commission Income	16	61,341,789	0
Provisions	17	8,498,781	9,998,872
Other Current Payables	18	8,881,913	6,317,132
Total Current Liabilities		498,178,463	394,986,374
Non-Current Liabilities			
Trust Liabilities	15	74,000	76,000
Unearned Fees and Commission Income	16	156,470,814	0
Provisions	17	4,256,440	3,332,564
Total Non-Current Liabilities		160,801,254	3,408,564
Total Liabilities		658,979,717	398,394,938
EQUITY			
Share Capital	19	300,000,000	300,000,000
Retained Earnings		1,168,794,965	1,166,475,421
Accumulated Other Comprehensive Income		2,801,169	2,801,169
Total Equity		1,471,596,134	1,469,276,590
Total Liabilities and Equity		2,130,575,851	1,867,671,528

The Notes on pages 9 to 58 form part of these financial statements.

LBP INSURANCE BROKERAGE, INC.
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(In Philippine Peso)

	Note	2023	2022
Income			
Service and Business Income	21	316,133,396	404,857,520
Other Non-Operating Income	26.1	2,394,282	959,475
Total Income		318,527,678	405,816,995
Expenses			
Personnel Services	22	(40,183,210)	(45,101,822)
Maintenance and Other Operating Expenses	23	(43,851,418)	(32,922,724)
Financial Expenses	24	(305,444)	(429,434)
Non-Cash Expenses	25	(6,680,863)	(6,545,785)
Total Expenses		(91,020,935)	(84,999,765)
Net Income Before Tax		227,506,743	320,817,230
Income Tax Expense	27	(41,480,654)	(69,571,876)
Net Income for the year		186,026,089	251,245,354
Other Comprehensive Income (Loss)			
Item that will not be classified to profit and loss			
Remeasurement gain on retirement benefit obligation	26.2	0	2,801,169
Total Comprehensive Income		186,026,089	254,046,523

The Notes on pages 9 to 58 form part of these financial statements.

