



09 July 2024

MR. JUSTIN T. LIU
President
THE MERCANTILE INSURANCE CO., INC.
Mercantile Insurance Building
cor. General Luna and Beaterio Streets
Intramuros, Manila
justin@camertonholdings.com

SUBJECT: Approval of the 2022 Annual Statement

Dear **Mr. Liu:**

This refers to your letter dated 16 February 2024 and various electronic mails requesting reconsideration of various accounts in compliance with the 2022 Annual Statement (AS) examination requirements.

Upon evaluation of the submitted documents, the Company's net worth deficiency of ₱304,039,070.76 was deemed covered in full after consideration of the following accounts:

<u>Account</u>	<u>Amount</u>
As Admitted Assets:	
Financial Assets at Fair Value through Profit or Loss	₱ 105,656,000.00
Investment Property	128,575,000.00
Creditable Withholding Tax – Current Year	(2,252,415.45)
As After-date Transactions:	
Cash Infusions	85,200,000.00
Other Assets – CWT 2021	(13,138,121.00)
Total Amount Reconsidered	₱ <u>304,040,463.55</u>

After reconsideration of the additional admitted assets and cash infusions, the Risk-Based Capital (RBC2) ratio increased to 159% which now complies with the minimum RBC2 ratio requirement.

In view of the compliance with the minimum net worth and RBC2 ratio requirements, the Company's 2022 AS is hereby **APPROVED**. For reference, attached is the synopsis of the Company's 2022 AS.

Further, we refer you to the pertinent provisions of the Amended Insurance Code of the Philippines, and Circular Letter No. 2016-34 with respect to the publication requirement of said synopsis.

Thank you.

Very truly yours,


REYNALDO A. REGALADO
Insurance Commissioner



THE MERCANTILE INSURANCE CO., INC.
SYNOPSIS OF ANNUAL STATEMENT
31 December 2022

ADMITTED ASSETS

Cash and Cash Items	P	507,162,184.11
Premiums Receivable		872,753,928.45
Due From Ceding Companies		34,826,467.44
Funds Held by Ceding Companies		2,740,728.64
Amounts Recoverable from Reinsurers		2,233,253,206.83
Financial Assets at Fair Value Through Profit or Loss		195,656,000.00
Held-to-Maturity (HTM) Investments		87,719,384.08
Loans And Receivables		3,353,416.21
Available-For-Sale (AFS) Financial Assets		906,689,219.05
Investments Income Due and Accrued		7,422,606.56
Property and Equipment		242,243,886.38
Investment Property		191,848,110.35
Non-Current Assets Held for Sale		2,448,489.27
Security Fund Contribution		8,127.00
Deferred Acquisition Costs		324,515,865.73
Deferred Reinsurance Premiums		115,065,610.09
Other Assets		18,538,553.00
TOTAL ASSETS	P	<u>5,746,245,783.19</u>

LIABILITIES

Claims Liabilities	P	2,757,003,511.49
Premium Liabilities		1,452,423,006.15
Due To Reinsurers		99,543,638.62
Commissions Payable		267,299,303.42
Deferred Reinsurance Commissions		21,697,244.75
Taxes Payable		209,953,062.77
Accounts Payable		89,162,245.63
Pension Obligation		22,409,647.00
Deferred Tax Liability		51,034,471.98
Accrued Expenses		14,863,209.08
Other Liabilities		73,672,713.40
TOTAL LIABILITIES	P	<u>5,059,062,054.29</u>

NET WORTH

Capital Stock	P	681,442,400.00
Contributed Surplus		16,380,940.00
Contingency Surplus		22,659,244.32
Reserve for AFS Securities		(17,477,529.04)
Reserve for Appraisal Increment - Property and Equipment		231,508,190.86
Remeasurement Gains (Losses) On Retirement Pension Asset (Obligation)		(1,162,484.25)
Retained Earnings		(246,167,032.99)
TOTAL NET WORTH	P	<u>687,183,728.90</u>
TOTAL LIABILITIES AND NET WORTH	P	<u>5,746,245,783.19</u>

ADDITIONAL INFORMATION

Capital Adequacy Ratio, as prescribed under existing regulations **159%**

**Net Worth deficiency subsequently covered in full.*

This synopsis, prepared from the 2022 Annual Statement, approved by the Insurance Commissioner is published pursuant to Section 231 of the Amended Insurance Code (RA 10607).